

SHORT DURATION DISCUSSION**Disinvestment Policy of Government - contd.**

SHRI KAPIL SIBAL (Bihar): Thank you very much, Mr. Vice-Chairman, Sir. I would like to, firstly, express my gratitude to you for allowing me to participate in this very important short duration discussion. It does happen in the life of a country that, sometimes, we embark upon an enterprise from which there is no going back. The enterprise here is the result of the globalisation and liberalisation policies that we adopted pursuant to the structural adjustments in the 80's. Disinvestment was a necessary fallout. It is very important to understand as to what might be the pitfalls ahead of us so that we all together, with the Government, can take pre-emptive steps to deal with some of the negative fallouts of this policy.

As you are aware, we adopted this policy of disinvestment in the early 90's. The Rangarajan Committee was set up in 1993 to make recommendations with respect to the year 1993-94 and the parameters laid down by the Rangarajan Committee were, in fact, followed in the later years to come.

When I hear the Treasury Bench and the Government talking about the fact that they are doing nothing more than following the policy of the Congress Government, I am a little surprised because, quite frankly, the parameters of the policy were not laid down in detail by the Congress Government. In fact, over the years, on a hit-and-miss method disinvestment was made, not with much successful results. Ultimately, of course, on August 23, 1999, through a resolution of the Government, the then United Front Government decided to set up a Disinvestment Commission. Probably the reason for this Disinvestment Commission was that if you want, really want, to give effect to your disinvestment policy, the procedure that you adopt must be transparent so that there cannot be any allegation made that this enterprise was to be conducted for the benefit of a few conglomerates in India. The Disinvestment Commission was set up. It functioned and gave twelve reports, I think the last report was made sometime at the end of 1999. At one time it was sought to be disbanded. I think it was in November 1999, it was sought to be disbanded. But then the hon. Finance Minister made a statement in the House saying that there was no intention to disband the Commission. I just want to refer to that statement, this is what he said, A point was made about the Disinvestment Commission. Let me clarify — this was stated in the House on December

13, 1999 — ..that the creation of the new Department of Disinvestment is not a replacement for the Disinvestment Commission. We have created a nodal Ministry for disinvestment so that the whole programme of disinvestment moves ahead. We will soon reconstitute the Disinvestment Commission.* Well, we are *today* in the middle of 2000, but the Disinvestment Commission has not been reconstituted. It does not augur well for the country. The whole purpose of setting up this Disinvestment Commission was two-fold that the Ministry should take a policy decision with respect to disinvestment on the recommendations of the Disinvestment Commission and the implementation of that disinvestment should be left to the Disinvestment Commission. But if you are not going to reconstitute the Disinvestment Commission and take that burden upon yourself, then people are bound to say that you do not want transparency in this area at all. All these allegations have been made in the past against the Government in respect of a specific issue of disinvestment relating to GAIL, Modern Food industries and some other companies. Sir, let me go back a little and focus the attention of the House as to why this is a very significant issue. It is wrong to say that this was a brainchild of the Congress Government. In fact, disinvestment is something that has been done in the past, much before the Congress Government decided to do it in India. This was as a result of the efforts of the IMF, the World Bank and the other international loan institutions to ensure that there are structural adjustments in various economies which were not doing so well. Many countries in the world, as the hon. Minister may be knowing, have done this. All of Latin American countries have done it. You know about the disinvestment programme in Brazil, Argentina, Chile, Bulgaria, Kazakhstan, Russia. East Europe, Hungary and South-East Asia. These disinvestments were being done throughout the world. In some instances, we had good results and in some instances the results were *not so good*. But it is not as it is the brainchild of the Congress Government. These were only efforts. Why were these efforts made? I want to point as to why these efforts were made. What happened was that throughout the eighties because of the old prices, the level of employment in the OECD countries and in the developed world had fallen radically. There were very few avenues of investment and there was a lot of capital floating in the world economy. That capital needed an area to invest *it and so* this whole concept of globalisation and liberalisation started. I just want to indicate to you as to what had happened, to prove what I am saying. I am reading from a book called, 'The rise of network society' by Manuel Castells who sets out the unemployment figures in the

western world in the 90's, after the liberalisation programme had been given effect to, and you will see in Belgium, for example, the unemployment was as high as 12 per cent; in France it was 11.7 per cent; much more than in previous years; in Spain it was 22.7 per cent; in U.K. it was 10 per cent; in Finland-18 per cent; in USA - 7 per cent; in Germany almost 9 per cent. So the Western world was very concerned that they were not getting enough returns on their capital. "They felt we need new avenues and so let us think of liberalisation and globalisation . In order to have liberalisation, the obvious thing was for the domestic economies of the lesser-developed countries to open up; and, in that, the foreign institutional investors and multi-nationals have a more important role to play. So, it was the direct result of the policy framework of the western world to be able to access economies in the less developed countries for their own gains. That was the objective. In the process, of course, we will also gain. I do not say that we want to gain. But we have to make sure that if we are going to gain, we should not hurt the enterprises that have, in fact, stood the test of time for so many years. That is what this Government had to be extremely careful about because — remember this - when you conduct disinvestment, there are only two objectives in mind. The first is financial gains. The Government wants financial gains and the second is productivity gains. Now, when you want financial gains, obviously, you expect that through a process of disinvestment, you will get more capital into the company and that will benefit the company in a big way. But remember this; when you disinvest the shares of a company, the person who is investing in it calculates the net per cent value of the assets that he is going to have in terms of long-term gains, and if he thinks that the cost of investment is less than the net per cent value of the long-term gains, then only he will invest. In that process itself, you lose a lot of assets because the Government of India has only these assets to rely upon, and if you disinvest every public enterprise and you lose all your assets, you will not be able to do any borrowing in the years to come. So, these are very vital aspects. I do not say that you should not disinvest. But you have to be very careful, and that is the point that I wish to make. As far as productivity gains are concerned, that is also a very important aspect. In the modern world, ownership and efficiency in management and productivity are unrelated. Somebody may own a company, but it may be extremely efficient, extremely productive. So, what you need to do for productivity gains is, change the management, make the management more professional, and make the management more autonomous. No steps have been taken by this Government in this regard.

In this context, I want to point out that, time *and* again, the Disinvestment Commission has been making recommendations that you must make these enterprises more autonomous and professionally efficient so that you can, in fact, gain. Unfortunately, these recommendations have never been implemented by the Government. I will only refer to the Ninth Report of the Disinvestment Commission wherein they have said. They said that disinvestment proceeds has to be delinked from the short-term budgetary compulsions and decisions should be taken without further delay on all the recommendations of the Commission. They further recommended that the monitoring and supervisory role of the Commission should be restored in the interest of effective, coordinated and speedy implementation of Government decisions and they further recommended that before you invest, you must make the public sector cooperative, autonomous. You must make them professionally efficient. Now, if you have the bureaucracy controlling the public - sector undertakings, you are not going to be able to make them autonomous and you are not going to be able to make them more efficient. So, before you embark upon the enterprise of disinvestment, you will have to give them autonomy so that, ultimately, when they are autonomous and efficient, you can get the right value for the share at the time when you disinvest. But what is happening? You are not embarking upon that road of autonomy, professionalism and efficiency. You are embarking upon a policy of disinvestment for the purpose of budgetary gains. That is our grievance. That is the grievance of the Congress party. If your only endeavour is to reduce the fiscal deficit or the current deficit, you are not doing any good to the country. This is a very important point, Mr. Minister. You must realise that the ultimate objective of any disinvestment policy is to get a true value of the share. How will you get a true value of the share if your enterprise is inefficient, if it does not have the capital or if it is loss-making or even if it is profit-making? The possibility of making more profits is greater if you give it autonomy and professional independence. If you do not do that and you go ahead and disinvest, either through a strategic partner or by offloading the shares of the public, you are not going to get the true value of the share. So, the Disinvestment Commission made recommendations, and the recommendations are as follows; namely, "Give a public enterprise time..." -- a reasonable time -- "...to operate in an atmosphere of autonomy. Give it time to operate so that it reaches its optimum level of efficiency. Once you do that, you may then decide whether to disinvest or not." You have not even embarked upon that policy.

The next recommendation of the Disinvestment Commission to the Government is that the proceeds of the disinvestment should be used to strengthen the PSUs in order to facilitate disinvestment. In other words, if you have got weak public sector undertakings, which are not doing well, and you disinvest some of the shares, as you have done in the case of GAIL, then you should try and strengthen those weak public sector undertakings. Do not use the money for meeting your budgetary deficit. Strengthen the public sector undertakings so that the PSUs become efficient and their share value in the market is closer to the real value of the share*. Then, protect the employees' interest. That is the second recommendation. The third recommendation is, broad-based ownership and investment in the social sector. Mr. Minister, may I ask a question? Have you followed any of these policies? Have you told the people of this country what have you done with the proceeds of disinvestment? You have not told us about the extent of proceeds that you have used. Through you, Mr. Vice-Chairman, Sir, I ask the hon. Minister that he has not told us as to what is the extent of proceeds that he has used in the social sector; for education, for health, for infrastructure development and for strengthening of the PSUs. Unless you have a transparent policy, the people of this country will think that you are going the Mexican way. What happened in Mexico after the crisis of 1982? What happened in Mexico was, there was a massive liberalisation and what is the effect of it today? Sir, I quote to you a Report of the World Bank. This is the quotation. In "1991, in the Internal Audit Report, it acknowledged, I quote, "There has been a worsening of the already skewed and concentrated pattern of ownership distribution in the economy and an increase in vertical integration. Only a small group of local conglomerates have been involved in purchasing public enterprises." This is not my view. This is the view of the World Bank. Therefore, if you offload shares in this fashion, if you choose strategic partners, if you do not have transparency and the implementation process is not completely independent of the decisionmaking process, you are going to have a situation where people will get into these enterprises for making short-term gains and the objectives of disinvestment policy will completely be lost. Mr. Vice-Chairman, Sir, through you, I wish to tell the Government that this aspect of the matter will have to be looked into in some depth. Another aspect I wish to raise is, at some point of time, the Disinvestment Commission also recommended that 10 per cent of the proceeds should be put in the disinvestment fund. In fact, that decision was taken by the Government, and the Finance Minister, in this House, said that he would be doing it. But it was never done. It has not

been done till date. The reason was that you could use that 10 per cent of the disinvestment proceeds for certain specific objectives. Now, the objectives will also not be spelt out by the Government, today. The point I am making is that your entire policy lacks transparency. In fact, there is no policy framework, and unless you delineate that before the public at large, people will believe that this is being done only for the purpose of reducing the fiscal deficit. In fact, your policy today is only disinvest in profit-making enterprises because you know that you will not be able to sell a loss-making enterprise. As far as I know, there have been very few instances of actual sale of loss-making enterprises. They have Container Corporation of India, I know. There are some others also. But, by and large, that is not the case. So, your disinvestment policy is not a policy for public sector undertakings. It is a policy for profit-making public sector undertaking. Why? Because you think they are doing well and you can hive off some shares to get a lot of money and, thus, you will be able to use it to reduce the fiscal deficit. Now, coming back to the *navaratana* companies; for example, Air India, Air India has done us proud. It has served us for 50 years. In fact, it has posted profits in 37 of the 47 years that it has operated. This is despite the fact that it functions with a lot of drawbacks, it is supposed to make investment where it is not necessary, through deductions of the Government of India. Air India has never received any subsidy or budgetary support from the Centre, except for the initial contribution and equity. When the aviation turbine fuel prices go up -- it went up by almost 40 per cent - Air India has to suffer an additional burden, along with payment of sales tax and other such things, which other carriers do not have to suffer. Then, it has to compete with the best airlines of the world; and yet this year it had a profit of Rs. 2 crores. Two crores, despite the disability! So, what do you want to do? You want to disinvest that company. I believe that instead of doing that, you should give it massive financial support like other countries. We have got instances. I will give you those instances to you. For example, the French bailed out Air France by investing 4 billion dollars in it. Italy invested 2 billion dollars in Air Italia. Belgium invested 7.1 billion dollars in Sabina. I can give you examples after examples. Ireland, Iberia, Air Lingus, Kuwait Airways, Olympic; in all these instances their Government gave massive financial packages to expand their fleet. But you don't want that. You want other competitors to come in and give management to them, and have a very significant interest in Air India. These are not just enterprises. These represent the pride of the nation. You are doing it only because you feel

that you can get some money out of it. Otherwise, you would not embark on this policy.- Look, what happened in GAIL. I don't want to repeat the story. What happened with respect to GAIL'S disinvestment? A share which, in 1997, was quoted at Rs. 115/-, you ultimately sold at Rs.70/-. A share, when the expected price was Rs. 150 to Rs.170, was sold at Rs. 70/-. The pricing of the GDR at Rs. 70/- per share meant a discount of 11 per cent on the closing price of GAIL'S share in the Bombay Stock Exchange on the date of the issue.

On that very day you lost Rs. 140 crores. This is what you did to GAIL. Why? It was because you had no transparent policy. And what happened; who got into GAIL? Enron took a five per cent interest in GAIL. British Gas acquired a 1.5 per cent interest in GAIL. They are your competitors. You give a foothold to competitors, you sell the shares at far below the market price and you say you are following the policy of the Congress Government. I don't understand this. So, Sir, the point that I am making is, a time has come for this Government to come out in the open and tell the people of this country what their exact policy on disinvestment is, How they want to go about it. Where lies the decision making process; where lies the implementation process; what is the level of autonomy given to the implementor, what is going to happen to the proceeds of disinvestment, what are the sectors in which the proceeds of disinvestment will be invested, in what manner will you invest in infrastructure development, in what manner will you invest in social sector, etc. These are the issues that are of concern to the public at large. In what manner are you going to protect the interest of the employees? In what manner are you going to broaden the ownership? These are the issues that are exercising the minds of the people at large today in this country. In fact, all this arises from the original resolution of the Government of 23rd August, 1996 where they said that the Disinvestment Commission will advise the Government on the extent, mode, timing .and pricing of disinvestment. Regarding the extent of disinvestment, the Disinvestment Commission had written to you on several occasions in several of their reports. Mr. Vice-Chairman, Sir, through you, I want to say that the Disinvestment Commission has written to them saying, "we have heard that you are disinvesting in this PSU. You have never asked us for our advice." So, they are deciding the extent of disinvestment, without consulting the Disinvestment Commission. They are deciding the mode of disinvestment without consulting the Disinvestment Commission. They decide the timing, without consulting the Disinvestment Commission and the pricing too. I am

not saying this, but the Disinvestment Commission in several of its reports to the Government has stated this. I may just point that out. I will just point out the particular report where they say all this.

THE VICE CHAIRMAN (SHRI SURESH PACHOURI): Please conclude now.

SHRI KAPIL SIBAL: Sir, I will just finish. This is what it says. I am referring to the 7th Report. It says: 'The Disinvestment Commission was set up by a Resolution of the Government, issued on 23rd August. The main objectives of setting up the Commission were to prepare an overall long term disinvestment programme for the public sector, determine the extent of disinvestment, select financial advisors to facilitate disinvestment; supervise the overall sale proceeds and take decisions on instruments, pricing, timing, monitoring the progress of disinvestment.' And they say, these comprehensive terms were at variance with para 4 of the above Resolution which stated that the Disinvestment Commission would be an Advisory Body and PSUs would implement the decision of the Government under the overall supervision of the Disinvestment Commission. And it goes on to say that the Government had not heeded its advice. So, why do you set up a commission when you don't follow its advice? Yes; there have been instances -- and I would like to point them out -- where disinvestment has proved to be a success. In principle, we are not against this because there have been instances; if they follow the right policies, it will be a success. I just want to point out that, in fact, there was a study made with respect to 21 developing countries between the years 1980 and 1992 where the success of disinvestment in individual units was looked at and it was found that there has been, in certain instances, an increase in profitability by a large percentage. There has been greater efficiency, there has been more investment brought *into* those units and higher rates of employment. There have been such instances, but the problem here is not that disinvestment *per se* is a policy which is unworkable. The problem is that disinvestment, as a policy, as put into effect by this Government, lacks transparency, lacks honesty and will not work if this continues. Thank you, Sir.

SHRI RAVI SHANKAR PRASAD (Bihar): Mr. Vice-Chairman, Sir, I am immensely grateful to you for having given me the opportunity to speak on a topic which is of great, crucial, importance. Sir, I see the whole disinvestment exercise as another facet of reform. If we look at some of the statistics, I think, none can question the whole rationale of

disinvestment. A whopping Rs.2,30,000 crores are invested in 240 PSUs. And the return by way of dividends and profits is a small amount of Rs.9000-odd crores. If we exclude the so-called blue chip companies, then we are going to suffer enormous loss. Sir, as far as the State Governments are concerned, the total number of PSUs is around 2000, out of which as many as 75% are sick and the total amount involved is Rs.4,50,000 crores. When I was going through the statistics of Karnataka, I found that there are 78 PSUs in Karnataka, out of which 51 are sick. All this is taxpayers' money. And* obviously it cannot be allowed to go on like this. A change has to occur. As I see from the submissions made by my esteemed friends who have spoken, there appears to be a consensus on disinvestment. There may be some shift in emphasis. My esteemed colleague, Shri Dipankar Mukherjee, a distinguished Parliamentarian, is gracious enough to give me his affection. We are in the same Standing Committee. I asked him "Dada, why did you agree to the establishment of Disinvestment Commission in the year 1996?" He, in his very inimitable style, said, it was only recommendatory and not mandatory. I was just glancing through the terms and conditions of the Disinvestment Commission. I am having the notification dated 23rd August, 1996. I will read only two- three clauses. Clause 2 : 'to determine the extent of disinvestment, total, partial, in each of the PSUs' and the other clause: 'to supervise the overall sale process, take decision on instrument, pricing, timing as appropriate.* Sir, this whole terms of reference was given to the Disinvestment Commission for effecting a far-reaching change as to the manner in which all the PSUs are to be operated. Sir, even otherwise, if I draw on my experience as a lawyer, the recommendatory obligations are also meant to be carried out. But the dwindling returns on public investment is not to be considered on a polemic as to whether something is recommendatory or mandatory. I see a more justifiable, ideological, rationale for this whole exercise. Based upon empirical evidence, it has come to our notice that public ownership, as an instrument of development, which was widely used in the post- colonial era and during the period of reconstruction after the World War, is no longer valid. You have to perform in order to survive. You have to excel to face competition. Today's world is certainly interdependent. Sir, I was just going through some of the statistics. The National Textiles Corporation has 119 mills, out of which 43 are closed. A total amount of Rs.1,000 crores is being paid on salary of workers of mills which are closed. The annual turnover is Rs.600 crores. The annual loss is Rs.500 crores and the accumulated loss is Rs.7,354 crores. Sir, I was hearing a lot about Air

India. I came to know *that out* of 55 airlines the world over, as many as 35 *are* in private hands. Air India had been given a monopoly. After nearly 50 years of monopoly, Air India has suffered a loss of Rs. 174.48 crores. Certainly, our maharaja *must* smile. But he must smile with a more efficient Air India. We cannot continue with Air India suffering a staggering loss, just to keep the Maharaja smiling. We know the whole experience of British Airways. The ITDC has 33 hotels, out of which 31 are loss-making. Only two, namely, the Qutub and the Lalit Mahal in Mysore are in profit. The Qutub, because it has given the premises on rent; and the Lalit Mahal in Mysore, because film shooting is permitted there. The point is, public money cannot be allowed to be used like this. Therefore, some crucial decision has to be taken.

Sir, I was trying to know as to what has happened in other countries. I was particularly keen about China. Sir, in the 15th Party Congress which was held in September, 1997 in China, a decision was taken to undertake fundamental restructuring in three lakh State-owned enterprises by merger, acquisition, privatisation, disinvestment, and also by retrenching surplus workers. Sir, these are matters of *record from* which we cannot run away.

Now, a question was raised about the extent of disinvestment. The question of strategic sale has come about. Sir, I would particularly like to highlight the experience of Maruti *in* this regard. A couple of years ago, it has got 82% shares. Had the proposal been mooted to disinvest it at that time, the return would have been to the tune of Rs. 6000 to Rs. 9000 crores at the rate existing then. Now, *the share* has dipped to 56%, and if we disinvest it now, we are going to get hardly about Rs. 4,000 crores. And let us not forget that in Maruti, the public money that is *involved* is Rs. 4,500 crores, with a return of merely Rs. 20 crores. Sir, if we take out Rs. 1,000 *crores* for construction of primary schools, I calculated that about 4 lakhs primary schools can be erected through that Rs. 1,000 crores. Therefore, the strategic sale has become a crucial component of any exercise of disinvestment. Now, Sir, in this connection, I would certainly like to highlight as to what has been the report of the Disinvestment Commission. I would particularly like to refer to the 6th Report of this Commission. Releasing the 6th Report in December, 1997, the Disinvestment Commission recommended closure and outright sale of the Electronic Trade and Technology Development Corporation, the Rehabilitation Industries Corporation Limited and others; and dilution of Government stake by 25% in some others. The point is, even when *the*

United Front Government was in power, the Disinvestment Commission clearly recommended for outright sale. Sir, the same condition was there in the 7th Report. The Disinvestment Commission in its 7th Report, which was released on 26th March, 1998, recommended the strategic sale of equity up to 51% in four public sector enterprises, namely, the Fertiliser and Chemicals Travancore; and others. The point to note is, even when the U.F. Government was in power, the Disinvestment Commission recommended for strategic sale, outright sale and sale beyond 51%. The point to note is that if you intend to undertake the whole exercise on a sound economic line, you will have to go in for strategic sale.

Now, Sir, a question has repeatedly been asked about the right of the workers. Certainly the interest of the workers is to be taken with human compassion. In this connection, the statistics are required to be highlighted. The total workforce in India, Sir, is : Rural - 269 million; Urban - 86 million; making a total of 355 million. The total workforce in organised sector is : Government - 20 million; private - 7 million; making a total of 27 million. Sir, the total number of employees in the Central public sector undertakings, is - my source is Public Sector Enterprises Survey -1996-97 - 2 million; 1997-98 - 1.96 million; 1998-99 - 1.90 million. Therefore, if the whole disinvestment exercise is undertaken in the speed in which it is ought to be taken, certainly, Sir, the maximum number of workers who would suffer or would be affected, would be 0.50 million. Now, the question is this. Can such a heavy investment of public money be allowed to be dwindled, keeping in mind the interest of these small number of workers? I am saying this thing with profound respect; please do not misunderstand me. The workers must be given compassion, but at the same time, the people of the country, who have invested their hard-earned money in these public sector undertakings - and that is public money - have also got a right to have proper return. Sir, I am happy to learn that the Government of India has clearly stated that the whole return from disinvestment would be spent upon social sector, upon restructuring the PSUs, in helping them to come on right lines, and on deficit. Sir, I was just going through the Budget for 2000. The revenue receipt is Rs. 2 lakh odd crores, and the interest payment is Rs. 1,07,000 crores. That means, half of the money is going towards interest payment. A lot of money has also gone for implementing the recommendations of the 5th Pay Commission and nothing is coming for social development. Sir, the people of the country are also entitled to have a cake in actual development expenditure and that must rise.

I must indicate at the very outset that my eminent friend, Mr. Arun Jaitley, has brought great pride to this country by giving a whole new focus on various aspects of disinvestment. His successor, Mr. Arun Shourie, I am equally sure, would take it further forward.

But, with profound respect to the hon. Minister, I would like to administer *three or four* cautions.

- (A) There must be complete transparency in determining the price. Please advertise it to the maximum extent, not only in one corner of a newspaper but also even on television repeatedly so that people should know about it and the maximum *returns* are gained.
- (B) Certainly outline how much money you are going to allocate for the social sector projects like schools, hospitals, roads and other things.
- (C) *Please treat* the workers with great human passion. I am sure the workers who have given so much *for* this, have certainly got a right to have a better treatment.

Lastly, I would like to highlight one thing. I *am* concluding before you ring the bell. Up till now, disinvestment has been done in 40 PSUs. The percentage is 16. The *total* amount realised is Rs.18,393 crores. If the rest of the 84 per cent shares in these 40 PSUs had been disinvested, the *total* realisation would have been to the tune of Rs.97,000 crores at the prices then existing. These are only samples. If a strategic sale is done and if it is done properly, certainly, there will be a good return, there will be good management and there will also be scope for development.

Sir, I was just reading an article on the reactions world over *on* disinvestments. The general consensus was that there was initial opposition. But, when the people saw the results, as to how improvement was done, there has been a gradual acceptance of that. The same was the experience in the U.K. There was the same experience in Italy. There was the same experience in many other democracies. I am pretty sure, with the kind *of* transparency, to which our Government is committed, the beneficial result of this whole exercise would be there *for all of* us to see.

Thanks a lot, Mr. Vice-Chairman.

SHRI C. RAMACHANDRAIAH (Andhra Pradesh): Thank you, Sir, for giving me this opportunity.

Sir, this subject has been discussed earlier also in this House. There are two aspects. One is whether disinvestment is justified. The other is, if it is justified, what mode has to be adopted for disinvestment.

Sir, (heard some speakers telling us about the role of the public sector. When we got the Independence, we needed very large quantities of products to build huge irrigation, power and other projects. No private corporate body was in a position to invest such huge amounts for setting up industries. That was the reason why late Pt. Jawaharlal Nehru encouraged the public sector in this country. It was done with a vision.

Sir, gradually, a number of industries have come up in the core sectors of steel, cement and others. Subsequently, it has 1 outlived its utility, it seems. The private sector has gained the momentum. Now the private sector is in a position to dump lakhs of crores of rupees into industries, and it is in a better position than the Government sector to work in the requisite technology also. So, the primacy has been given to the private sector, and the Government has adopted the policy of liberalisation and privatisation. So, what I am trying to emphasise is that the role of the public sector cannot be undermined. It has played a vital role in the overall development of the country, in building up of the infrastructure! edifice of the country. Simultaneously, the private sector has also grown.

One Member was saying that the public sector was responsible for the growth of the industry in this country. That aspect has to be kept in mind.

The role of the Government now is one of a facilitator and not of a doer. It has got its own role to play in the social sector. The role of the State is being redefined. On that account I justify the privatisation. Disinvestment is nothing but privatisation. Conceptually, the Telugu Desam party is not against disinvestment, but we have got certain suggestions to make. My point is, where is the necessity for the Finance Minister to..

SHRI BRATIN SENGUPTA (West Bengal): Sir, the question of disinvestment of Air India is also under scrutiny. The Civil Aviation Minister should also be given an opportunity to listen to the debate.

THE VICE-CHAIRMAN (SHRI SURESH PACHOURI): He is listening.

SHRI BRATIN SENGUPTA: Is he? Thank you.

नागर विमानन मंत्री (श्री शरद यादव): हमारा तो वक्त ही काफी तकलीफदेह है। खाने के बाद सो जाते हैं। ड्यूटी लगी है तो आधा सोए हुए हैं, आधा सुन रहे हैं।...(व्यवधान)...

3.00 P.M.

SHRI SWARAJ KAUSHAL (Haryana): I told him that the Minister was travelling in the 1st Class.

SHRI C. RAMACHANDRAIAH: The PSUs are like family jewels. Under what circumstances have we been selling these jewels? Generally, we do so when we are compelled to sell them. Either we are in extreme debt or at least some policy changes should have been there. My point is, where was the necessity for the Finance Minister to announce in every Budget that his target of disinvestment is Rs. 10,000 crores or Rs. 15,000 *crores*? By doing so what objective is he going to achieve? I cannot understand that. By revealing that so and so units are being privatised, you are giving a scope to the private buyers to form a cartel and reduce the value of the company. Sir, we have got huge public sector undertakings operating. I was told that ten top PSUs were valued at Rs.5 lakh crores. That was an estimate. I agree that the Government should have a transparent mechanism. These disinvestments should not result in monopoly. That aspect has to be taken care of. One gentleman was saying here that the GAIL shares were sold at Rs.70. When the international *economy* was in doldrums and the SENSEX was the lowest, the price offered at that time was Rs.120. Mr. Chidambaram was the Finance Minister then. The price at which we have disposed them of was Rs.70, when the international economy was in a buoyant mood and the SENSEX was ascending and the international global investors were prepared to invest in the country. Moreover, we were not beseeching the international investors. And we sold *it* at Rs.70! You have to justify it. In the first quarter of this year the company has shown a net excess profit of 110 per cent *over* the corresponding period of the last year. Therefore, its shares should not have been sold at Rs.70. I am not searching for any skeleton in our cupboard, but be transparent. In the course of five or six years you *are* going to disinvest a large number of companies. There *are* some sentiments also attached to some public limited companies. Don't create a situation where somebody will show a finger at you that you did this mistake. You can explore *all* the possibilities. Your objective should be to get the optimum price for the Government. That should be the criterion.

Sir, one more thing. Everytime we will be advising the Government to bridge the fiscal deficit. They have resorted *to* disinvestment. Is it the only source to bridge the fiscal deficit? I don't think so. You can reduce the Government expenditure. You *can* downsize the Government staff. You can

improve your revenue base. You can improve your resources. What is the panacea for all the ills of the nation? You say "Disinvestment". If you are going to get Rs.12,000 crores or Rs.15, 000 crores or Rs.20,000 crores, that will send a wrong signal to the investors. There will not be any thumb rule with regard to the valuation of the assets of the companies. You can classify the units into units which cannot be revived, units which can be revived and sound companies. You should have different yardsticks for the valuation of the assets. In the case of certain companies, you have to take the intangible assets also into consideration. Take for example, Air India. As per the agreement which you have entered into with other countries with regard to air routes, they have got some valuable routes.

When you adopt a method for the automobile sector, you cannot adopt the same method for the aviation sector. The same mode cannot be adopted for the petroleum sector. My suggestion is, you cannot leave this thing to a committee of bureaucrats however honest they may be. They should be accountable to Parliament. You can constitute a watch dog committee consisting of representatives from various political parties. It is not only the framework of the policy that has to be formulated, but it is the implementation of the policy that needs a supervision. This is going to be a very big issue. You are going to disinvest the shares of companies which are worth of crores of rupees. Don't create a situation where there will be skeletons in the cupboard.

Sir, the disinvestment process was effected in 1991 by the then Prime Minister, Shri P.V. Narasimha Rao. At that time, the objective was to maintain financial discipline and to serve some social sectors. They never said that it was to bridge the fiscal deficit. They say that they are totally helpless. I do not know why they are saying like that. We should be ashamed of saying that. They say that only to bridge the deficit in the budget, they are disinvesting the shares of public sector undertakings. The Government is totally incapable. The Minister is incapable. The party in power is incapable. You should not do it. You can use part of the amount for it. Unless you disinvest and get some amount, you cannot bridge the fiscal deficit. This is not the only panacea. I think the Minister will concur with my views.

Whenever there is a change of Government at the Centre, the objectives of the disinvestment are being changed. Some more objectives have come, to restructure the sick units in the State and to give a golden handshake to the workers. These are some objectives that have been

announced. *The amount* realised after disinvestment is virtually being spent for the purpose of National Renewal Fund.

We should try to motivate the workers to improve the technologies so that they can be suitable to the present needs. It should not be like giving some amount and then asking him to go away. Over a period of six years, from 1992-98, an amount of Rs.2,627 crores has been transferred to the National Renewal Fund out of which the expenditure comes out to be Rs.. 2260 crores, and Rs. 2407.5 crores were spent on the VRS. What is the amount that we have spent on strengthening PSUs of the States, the objective which we have pronounced? We do not know which Ministry has got control over the NRF, whether it is the Labour Ministry or the Disinvestment Ministry or the Industry Ministry. I do not want to go into this issue any further because this issue has been discussed threadbare and at great length. I recommend to the Government to constitute a watchdog committee, a committee which acts -like a watchdog, and however honest the present Committee may be. it is accountable to the Parliament. It is very difficult to bring disinvestment of every company before the Parliament to get its approval. There should be a committee which can oversee the implementation of disinvestment that is being taking place. Otherwise, there is going to be anarchy. Sir, I would like to read out something. * The issue involved is that crores and crores worth of public property has been built over the last fifty years. So, the matter cannot be left entirely to the bureaucracy." Don't undermine the wisdom of this House. This House has eminent economists, eminent persons who care for the welfare of the country, the welfare of the nation and the welfare of the people. Take this House into confidence and constitute such a Committee. Sir, this is a very dangerous exercise which you are going to undertake. You are going to undo the whole thing which has been built over a period of five decades. We are not having any objection for undoing it. But do it for the welfare of the country, for the welfare of the workers, for improving the economy of the country. But do it in a transparent manner. Don't have *ad-hocism* in your approach. Have a correct method with proper perspective and try to get the maximum to the Government. Thank you, Sir.

SHRI BALWANT SINGH RAMOOWALIA (Uttar Pradesh): Sir, many of the learned colleagues *have* expressed their views on a very sensitive issue of disinvestment. Sir. in my opinion, this august House is discussing the disinvestment issue. But the country is looking with great confidence and hope towards this august House, and the country sees not only the actual exercise of the disinvestment of shares of a few companies but also

something that is being sold out. बाहर यह बात हो रही है कि भारत का कुछ हिस्सा बेचा जा रहा है और कभी-कभी, समटाइम्ज़ आई फील शायद भारत बेचा जा रहा है। बहुत बड़े-बड़े लोग हैं जेटली जी और शौरी जी, लेकिन मैं क्लीयर करना चाहता हूँ कि बेचने की प्रक्रिया, कहने वाले भी गलत नहीं हैं, बल्कि एक चीज़ जुड़ी हुई है दिल से और वह है मुल्क की सॉवरेनिटी। अब जिन चीज़ों को आप बेच रहे हो, हिस्सा बेच रहे हो 26 परसेंट और मोर, आप तीन चीज़ें एक ही हाथ से तो दे रहे हो। आप विदेशियों को मुनाफा दे रहे हो, मालिकी भी दे रहे हो तथा मोनोपली भी दे रहे हो। आप तीन चीज़े दे रहे हो। अब एअर इंडिया का ही किस्सा ले लीजिए। एअर इंडिया के बारे में अभी कोई रेफ्यूट तो किसी ने किया नहीं। “हिन्दुस्तान टाइम्स” में छपा है:

'Perhaps, it is being considered to sell the shares or the disinvestment money for Rs. 153 crores.'

But the Paper says:

"Let us remember that Air India's Nariman Point building in Mumbai is worth Rs.2,000 crores-this is excluding its other assets."

And also, we have 13 flights from India to America, and back. They are also being sold, and the management is being given to the foreigners. One thing is very clear. I quote again:

"Some time ago, civil aviation circles say that before a firm decision on 26 per cent was announced by the Government, a well-known foreign airlines seemed ready to step forward to pick up Air-India equity even if only five per cent was offered."

They were ready to join with Air India just for a five-per cent share) We have now taken a decision on 26 per cent. Our Company Law says that with 26 per cent of the shares in a company, they can stop, veto or block any decision, vital decision, which is likely to be taken by the company. Sharad Yadavji is here. He has told us, many times, in the House that we are in favour of Air India which is substantially owned and effectively controlled. Sir, let the Government come and tell us how effective control will be there and how it will be substantially owned. Our 40 per cent shares are to be disinvested either to the foreigners or to the people of Indian origin; it is either 26 per cent or 40 per cent; 10 per cent to the financial institutions and 10 per cent to the employees. It is an admitted fact, and nobody can stop it. The moment foreigners come to our country, they will have a 26 per cent control over Air India. They will come with right hand, and with left hand, within a year or two, they will purchase the shares given to the employees, at higher rates, and they will, some time later, purchase the shares given to the financial institutions too. It means,

they will strengthen their control. Sir, in my humble view, the sovereignty of the country, by disinvesting Air India, which is *our pride*, is being compromised in that matter, अब देखिए एअर इंडिया में वर्ष 1998-99 में हमें जो ट्रेफिक मिला है, उस हिसाब से 5 मिलियन सीट्स बढ़ी हैं, इसके बावजूद हम फेल हो गए। उसकी जिम्मेदारी हम अपने आदमियों पर देते हैं कि हमारे आदमी फेल हैं, हम उसे चला नहीं सके हैं। लेकिन अमेरिका में 2 एअरलाइंस हैं जो कि बहुत प्रिस्टीजियस है और उन दोनों में भारतीय चीफ हैं, सी.यू. हैं। उन्हें भारतीय चला रहे हैं। अब अगर अमेरिका में भारतीय उनकी एअरलाइंस को चला सकते हैं तो हम यहां कैसे फेल हो गए? उपसभाध्यक्ष जी, अपने गुनाहों की सजा इस देश के स्वाभिमान और देश की इज्जत को देना एक और गुनाह है जिसके लिए हमें माफी नहीं मिलेगी। मेरे एक मित्र ने अभी कहा कि बहुत से देशों ने अपनी एअरलाइंस को विदेशियों को दिया है। अमरीका ने तो दिया नहीं, जिसको हम बहुत बड़ा गाइड भी मानते हैं, अगर शब्द सख्त हों तो वापिस लेता हूं, दोस्त गाइड मानते हैं। अमरीका में क्या है? अमरीका में एयर लाइंस के बारे में है:-

'The significance of the case is best understood when we note that in the US an air carrier which is defined as a citizen of the US, even if it is a private company. As per law, the president and, at least, two-thirds of the members of the board of directors and other managing officers of the corporation or association must be citizens of the US. Equally importantly, at least, 75% of the voting interests of the company is to be owned or controlled by persons that are citizens of the United States.*

वह खुद तो यह कर रहे हैं और हमारे मामले में हम अपने आपको उनके हवाले कर रहे हैं।

एक और बात जो सामने आएगी, वह यह है कि एयर इंडिया को बेचने के बाद, कंट्रोल देने के बाद वह डोमेस्टिक ट्रेफिक क्या इसी तरह लेंगे? मैं शौरी जी से आपको माध्यम से पूछना चाहता हूं, उपसभाध्यक्ष महोदय, कि अभी एयर इंडिया डोमेस्टिक ट्रेफिक भी लेती है- मुंबई से, कभी अमृतसर से, कभी कलकत्ता से, तो क्या एयर इंडिया का डिसइन्वेस्टमेंट होने के बाद जो उसके नए मालिक होंगे, क्या वे डोमेस्टिक ट्रेफिक इसी तरह से लेंगे? तो फिर जो आपकी नीति है, एंविऐशन मिनिस्टर यहां बैठे हैं, मैं उनसे जानना चाहता हूं कि उसका क्या बनेगा जिसमें आपने कहा है कि नॉट ऐट ऐनी कॉस्ट, जो डोमेस्टिक ऑपरेशन्स हैं एयर लाइंस के, उनमें उनका दखल ही नहीं होगा, यह भी होगा, इसका प्रबंध क्या है?

एक बात और मैं जानना चाहता हूं कि जब और जगह डिसइन्वेस्टमेंट के लिए 25 परसेंट तक की लिमिट है तो यहां 26 परसेंट क्यों दी गई है? इनको 26 परसेंट देने से हमने अपने आपको क्या और कमजोर नहीं किया? एक और बात जो हमारे सामने आती है वह यह है कि क्या एयर इंडिया को बेचने की आखिरी कोशिश, एयर इंडिया को हाथ में रखने की आखिरी कोशिश की गई? दूसरे, एयर इंडिया की डिसइन्वेस्टमेंट से जो फॉरेन कम्पनीज़ आएंगी, उनके आने से क्या टोटल ऑपरेशन और सिक्युरिटी है, क्या वह इफेक्टेड नहीं होगी?

मैं समझता हूं, सर, कि चीजों का यहां स्पष्टीकरण दिया जाए। एक तो क्या डिसइन्वेस्टमेंट गवर्नमेंट का, मैनेजमेंट का फेल्योर नहीं कि हम काम करने में फेल हो गए? बीमार

आदमी को क्या बेच दिया जाता है? तो एक तो यह बताया जाए कि आप बीमार को बेच क्यों रहे हैं और दूसरे डिसइन्वेस्टमेंट तो कीजिए, आपके पास मेजॉरिटी है, मगर आप देश की सोवरेनिटी, देश का कंट्रोल, देश की मैनेजमेंट उन्हें क्यों दे रहे हैं?

इन खतरों से आगाह करते हुए मैं आपका शुक्रिया अदा करता हूँ और अपनी बात को यहीं पर समाप्त करता हूँ। धन्यवाद।

SHRI R.P. GOENKA (Rajasthan): Mr. Vice-Chairman, Sir, yesterday and today we have heard eloquent speeches from Shri Pranab Mukherjee, Shri Dipankar Mukherjee and others. Whether to disinvest or not to disinvest, we have heard all the pros and cons. I would only like to add one or two points for the consideration of the Disinvestment Minister. What could be the basis of valuation? It is a tricky thing. If a factory is working, the land has practically no value or it has written-off value or it has book value. If a factory is closed, we can sell the land. Then it has a different value. We have to be flexible in our valuation. Shri Dipankar Mukherjee, yesterday, very eloquently mentioned about Air India. Yes, if Air India is a focal point, is a point of our national prestige, let us not sell it.

(THE VICE-CHAIRMAN, (SHRI MD. SALIM) In The Chair]

That does not mean कि सारी डिसइन्वेस्टमेंट पालिसी ही गलत है। एक कंपनी को अगर आप नहीं बेचना चाहते हैं तो रख लीजिए, ऐसी क्या मुसीबत आ रही है? एक फर्टिलाइजर कंपनी के बारे में यह कहा गया कि यह 110 परसेंट, 120 परसेंट ऐफिशियेंसी में चल रही है। अगर ऐसी कोई बात है और आप उसे नहीं बेचना चाहते हैं तो मत बेचिए।

महोदय, आपके माध्यम से मंत्री महोदय से दूसरी बात मैं यह कहना चाहता हूँ कि अगर आप 2 परसेंट, 5 परसेंट, 7 परसेंट शेयर बेचेंगे तो उस कंपनी की कोई वैल्यू नहीं मिलेगी। आपको वैल्यू मिलती है मैनेजमेंट के ऊपर। अगर मैनेजमेंट आप देते हैं तो वैल्यू मिलेगी नहीं तो नहीं मिलेगी।

महोदय, सरकार से मेरी आखिरी रिक्वेस्ट यह है कि जो करना है, उसे जल्दी करें, उसे लटकाकर मत रखें। यह मामला महीनों से चल रहा है। इसमें बदनामी तो होती ही है लेकिन साथ ही काम भी नहीं होता। जो भी करना हो, जल्दी करें। कितना डिसइन्वेस्टमेंट आपको करना है, आप यह तय कर लीजिए। अगर आपको 10,000 करोड़ रुपए का डिसइन्वेस्टमेंट करना है तो करिए, 15,000 करोड़ रुपए का डिसइन्वेस्टमेंट करना है तो करिए। यह पैसा 2 परसेंट, 5 परसेंट, 7 परसेंट शेयर बेचने से नहीं उठेगा, यह बात ध्यान में रखिए। अगर आप 2 परसेंट मैनेजमेंट साथ में देते हैं तो जरूर पैसा उठ जाएगा। ऐसी कोई कंपनी मिले तो इस सदन में भी बता दीजिएगा, हम लोग भी बिड करेंगे।

श्री ललितभाई (गुजरात): 17 कंपनियां बताई गई हैं आपके लिए।

THE VICE-CHAIRMAN (SHRI MP. SALIM): The House cannot be utilised for marketing or shopping,

[1August, 2000]

RAJYA SABHA

THE MINISTER OF STATE OF THE DEPARTMENT OF THE MINISTRY OF INFORMATION AND BROADCASTING AND MINISTER OF STATE OF THE MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS SHRI ARUN JAITLEY: That has been done transparently outside.

THE VICE-CHAIRMAN (SHRI MD. SALIM): Yes, outside.

SHRI S. VIDUTHALAI VIRUMBI (Tamil Nadu): Mr. Vice-Chairman, Sir, repeatedly we have been discussing this, and in the last one decade, we have taken up this subject more than ten times. This itself indicates the importance attached to this action. Sir, during the last decade, that is, after 1991, a shift has taken place in our economy. One school of thought is for State role and another for market forces. Both would not agree with each other ever if we argue again and again. Dennis A. Rowdinelli recommended for privatisation, while the person who wrote 'The Asian Miracle', Robert Wade, is for State role. Even if you ask one hundred times, Dennis will stand for privatisation and Robert Wade for State role. Therefore, the two of them cannot come to the same point. The main issue is: At what juncture are we taking up this subject? Sir, the growth of labour force is 2.6 per cent even though the growth rate of population has come down to below two per cent because in 70s and 80s, we were not able to control the population growth to the extent we ought to have done it. Therefore, the dependency ratio also has come down considerably. But, for full employment, the annual improvement in our economy to the extent of seven per cent per annum is essential, for the next 15 years. We require the growth of agriculture and allied industries to the extent of 4.5 per cent per annum. For that, the investment rate should be between 27.5-28.5 per cent of the GDP. This is the juncture at which we are dealing with this. Sir, when we talk about efficiency, it was also mentioned by somebody yesterday that ownership is different from efficiency. At the same time, in the global trend, everybody is taking their own decisions according to the climate prevailing in their country. For example, in the Asia-Pacific Conference which was held in 1993, they adopted a Resolution in which the Open Economy was approved. And China too signed this Open Economy system. Another thing is that they have decided to have the VRS, like the one which we have. As per this, 70 lakh workers in the current year and 60 lakh workers in the previous year were shown the doors with some support. It was decided that for the lower class of workers, they would give a subsistence allowance of Rs. 721 per month, and for the higher class, it was decided at Rs. 2,301 per month - I am saying this in terms of the Indian value of the rupee. The issue before us is not that we are changing

the shares of a company from one hand to the other. The total value of the public sector, according to the market rate, is Rs. 7,00,000 crores, and 2 million people are working in these units; that is, 2 million families are involved. And, in the global trend, the share of the aid from the developed countries and the international financial institutions as well as the concessional duty has decreased year by year.

This is the situation. At such a juncture, we had to take certain decisions. The decision taken in the early 90's was disinvestment of the public sector. But the purpose for which this decision was taken has not been served. That is what Kapil Sibalji has argued that the disinvestment now taking place is only to offset the fiscal deficit. That is the argument put forth by Kapil Sibalji. But what I want to say here is, if you go through the period from 1990 to 1995, you will find that even the surplus amount in the Oil Pool Account, instead of it being shown in the capital account in the Budget, was shown in the revenue account. This was done during the Congress regime also. It does not mean that you can justify this action because it is for offsetting the fiscal deficit. It was done previously. But the same should not be followed. We have to see what is the purpose of disinvestment. The purpose that disinvestment should serve is this. I quote. "It is imperative that decisions in other important areas such as, creation of a disinvestment fund, offering shares to domestic market, revamp of voluntary retirement schemes, employees' pension-cum-insurance scheme, counselling service to those taking VRS..." and so on should serve as objects. There are 127 public sector undertakings which are profit-making. There are 106 public sector units which have been making losses for the last ten years and, in spite of their best efforts, they have been unable to come out of the red. When that is so, the strategy adopted in the early 90's was the strengthening of the strategic units. That was number one. Secondly, it was about privatising the non-strategic units. Thirdly, it was about rehabilitating the weak units. These were the three concepts that had to go along with disinvestment. If it goes along with the policy of disinvestment, then it is good for the nation. Sir, we have had a mixed economy. We have achieved industrialisation in the last fifty years with both, the public sector and the private sector put together. If it helps in increasing the employment opportunities, if it helps in developing the economy of the nation, if it fulfills the ambitions of the common man, who is actually working from dawn to dusk, then it is welcome. Therefore, in that sense, in the beginning of the 90's, the selling of the shares and the equity of profit-making units was the first decision, that was taken. Kapil Sibalji has

accused the Government. For that, I say, the Comptroller and Auditor General of India had accused the then Government of depriving the public exchequer,- during their time, of more than Rs.3,300 crores. It was the Congress Government at that time. But it doesn't mean that the same mistakes should be continued. We must take it as a lesson. It should not be continued. I wish you had addressed this problem in this sense. (*Interruptions*) The second is the transfer of managerial control; higher percentage of the Government holding to be off-loaded. This was the recommendation made by the Rangarajan Committee. There were two decisions. One was about strategic sales to a single buyer. Then, the second one is on the anvil., (*Time Bell*) Sir, please give me some more time,.

THE VICE-CHAIRMAN (SHRI MD. SALIM): Your party had eight minutes.

SHRI S. VIDUTHALAI VIRUMBI: I agree with you. But you please compare it with the other parties also. You were very liberal with the other people. I hope the same concession will be given to me also.

THE VICE-CHAIRMAN (SHRI MD. SALIM): The same mistake you are making should not be continued.

SHRI S. VIDUTHALAI VIRUMBI: It is not a mistake, Sir. It is very appropriate.

Sir, I have just started my argument; please give me some more time. I think the competition law is on anvil.

SHRI KAPIL SIBAL: As he is even-handed, he should be allowed to speak for some more time.

SHRI S. VIDUTHALAI VIRUMBI: As far as disinvestment is concerned, if we take into consideration the last 10 years, India ranks 9^{1st} in the whole world. What I say is, before we decide on disinvestment, we must go through the pros and cons of it. Once we have decided on it, there should not be any delay in implementing it. If its implementation is delayed, we may have to incur losses; I mean, the nation will have to incur losses. Once we have decided on disinvestment, we must see to it that it is implemented.

Sir, as far as electricity is concerned, they say that its generation, distribution and transmission should be separated from each other. But in regard to oil sector, they say that oilfields, refineries and distribution should be put together and then it should go into the market. What is the rationale

behind it? How does the rationale differ from sector to sector? I hope the hon. Minister will explain it. Once you decide about a thing, you must implement it. Sir, Germany has been able to disinvest 13,500 companies within two years. They were able to do it because they were able to translate their actions into reality.

Sir, my next point is about the budgetary support the Government has given and the dividend it has received from the public sector enterprises in the last one decade. From 1991 till date, they have given a budgetary support of Rs.54,136 crores, nearly Rs.55,000 crores. But the dividend the Government has got from the public sector enterprises is only Rs. 17,525 crores. It does not mean that the public sector enterprises have not contributed anything to the public exchequer. That impression should not go. What I have just stated is that this much the Government has got by way of dividend only. At the same time, I would like to emphasise that by way of corporate tax, the public sector enterprises have paid Rs.33,869 crores.

SHRI JIBON ROY (West Bengal): Generally, the private sector does not pay corporate tax.

SHRI S. VIDUTHALAN (VIRUMBICHI): I know that, here I am taking about the public sector enterprises alone. They have paid Rs. 1,24,400 crores by way of Excise Duty. Sir, they have also paid Rs. 72,622 crores by way of Customs Duty. Apart from that, they have also paid an interest of Rs. 1,12,710 crores. This interest has its own bearing on the loss-making enterprises. If they don't have to pay the interest, then their position would have been different. The other side of the argument is, after having paid the interest, Customs Duty, Excise Duty and Corporate Tax, the private people are still able to find the profit. That is another argument. What Shri Royji has said is a totally different thing. What I want to say is, by paying the Corporate Tax, Excise Duty, Customs Duty, etc., they have contributed to the public exchequer. Sir, the profit of our 127 profit-making public enterprises has increased from Rs.6,000 crores to Rs.22,000 crores. So, they were able to show this much of profit. The other side of the picture is this. What is the position of 106 enterprises which are loss-making? In the year 1991-92, their loss was Rs.3,723 crores, and in the year 1998-99, their loss has gone up to Rs.9,274 crores; nearly Rs. 10,000 crores. When the profit-making enterprises were able to show three times more gross profits; the loss-making enterprises incurred three times more losses. What is the alternative for this? Should we close down these units or should the

Government give further budgetary support to these units? That is the question. No political party or anybody will support the idea of closure of these units.

That is the thing. When it is so, what is the alternative? Will the Government be able to provide Budgetary support continuously? That is the question before us. I feel that *the* answer to this is in the negative because, already, the interest payment is more than 50% of the revenue receipts envisaged. When more than 50% of the revenue receipts envisaged goes towards interest payment, whoever may be ruling the country, how can we expect continued Budgetary support from the Government? Now, the public sector is operating. There is no other go now. Whether we are willing or not, we have been forced to go towards privatisation. I *am* not for privatisation for the sake of privatisation. In case they are able to get Budgetary support, I will stand by that.

For Andrew and Yule, I think, the Germans have supported and now it is able to stand. Now, people, instead of sitting idle in their homes, are again going to their workplaces. That is the situation.

I would like to say that during 1992-98, Brazil, a smaller country than ours, was able to realise Rs. 66,720 crores through disinvestment, but we were able to get only Rs. 18,000 crores. We have to compare ourselves with it.

Now, what are the suggestions made by the Disinvestment Commission? (i) Formation of a disinvestment fund; (ii) Granting greater autonomy to the boards of PSEs—this is what Kapil Sibalji was saying and this is important; for the Navratnas you have given; for others also, wherever you feel it necessary, you must do that; (»i) Setting up of an investigation board of public sector enterprises to evaluate the instances of malfeasance, particularly by the bureaucrats; (iv) Revamping of MOUs; (v) Uniform policy of VRS.

Sir, the National Renewal Fund, NRF, was constituted for three purposes: (i) for retraining; (ii) for redeployment; (Hi) for VRS. What I say is, we are spending the entire NRF only on VRS and not for retraining or for redeployment of the workers. I say that some percentage from the NRF should be apportioned for retraining and redeployment of the workers. Wherever possible, they must be redeployed. The NRF is not for VRS. It is for retraining and for redeployment also. *The* Government should work towards this.

Whenever you take a decision, it can't be implemented successfully, until and unless you get the support from the workers, the

labour section. In case you want to take a decision, whatever decision you take, before that, you should take the workers into confidence, the labour unions into confidence. You should justify your decisions before them. convince them that this is the way it should be; otherwise, you may have to close that down. I feel, (i) employment opportunities so far enjoyed by the public sector enterprises should not be affected; (ii) whatever remunerations they are enjoying so far, should not be shrunk and should not be affected; (iii) there should be consultation with the labour unions, and it is very 'essential for the successful implementation of the disinvestment policy, Otherwise, it may be doomed and that is what we have seen so far. You have to take care of these three things.

You need to apply these three things for this: (i) caution; (ii) prudence; (iii) wisdom. I feel that with these three, the Government will march forward. I hope, it will protect the interests of the labourers. If anything goes against the interests of the labourers. I hope, the Government will not take that action. I hope, the Government will not take any action which is against the interests of the workers because the NDA is committed to the welfare of the workers. I hope it will stand by them.

With these words, I conclude. Thank you, very much.

SHRI ARUN JAITLEY: Mr. Vice-Chairman, Sir, I am extremely grateful to you for having given me this opportunity to intervene in this debate. Sir, in the month of December last year, we had an occasion in this House. ...*(interruptions)*...

SHRI JIBON ROY: Is he replying? ...*(Interruptions)*..

THE VICE-CHAIRMAN (SHRI MD. SALIM): He is not replying. ...*interruptions*)\ He is only intervening, *interruptions*)

श्री संजय निरुपम (महाराष्ट्र): साहब के जितने इन्टरव्यू टेलीविजन में आए हैं, इनके मन में जो है वह हम सब समझ रहे हैं।*(व्यवधान)*..

उपसभाध्यक्ष (श्री मोहम्मद सलीम): आप क्या समझ रहे हैं कि वे टेलीविजन के इन्टरव्यू में रेप्लाय करेंगे, वे और भी कुछ बोल सकते हैं, आप सुनिए।

SHRI ARUN JAITLEY: «f am intervening as a Member of this House. *(interruptions)*

SHRI KAPIL SIBAL: As a Member, it is his maiden speech. Let him say what he wants to say. *(Interruptions)*

SHRI ARUN JAITLEY: Sir, I am extremely grateful to you for having permitted me to intervene in this debate. In December last year, we had the last occasion when this hon. House debated disinvestment at

length. Various views were expressed here. Since the last few months *this* subject has been *an* important subject of debate not only in this House but also at the various forums of this country. I think it is also important to realise, as the hon. Member was saying just now, as to what are the options available for the country irrespective of which Government is in power. Since 1991, and I wish to correct here a popular impression which exists that it was the current Leader of Opposition, Dr. Manmohan Singh who first introduced this concept into our political economy. There was an interim Government in 1991 prior to Dr. Manmohan Singh becoming the Finance Minister; it was headed by a very senior leader of the country, Shri Chandrasekharji whose views on this subject are well known. For the first time disinvestment was introduced during that interim Government. In fact, that interim Government in *its interim* Budget that it presented and I quote from that Budget slated: "It has been decided that the Government would disinvest up to 20 per cent of its equity *in* selected *public sector* undertakings in favour of mutual funds and financial or investment institutions in the public sector." Then an amount was indicated that would be realised during the course of that particular year. In July 1991, we had an Industrial Policy statement of the then Congress Government. We had the successive Budgets presented by Dr. Manmohan Singh where targets were laid down in every Budget. In two out of those five years, those targets were also achieved. It *is* also important as to what the Common Minimum Programme of the United Front Government had to say. Now, it was a programme which was framed after the United Front Government came to power and it laid down an agenda for governance that also provided for disinvestments and this 20 per cent limit which the first Government had set was not mentioned in that particular policy of the Common Minimum Programme. In fact, the exact quotation of the *Minimum Programme* is, "The question of withdrawing from the public sector from the non-core strategic areas will be carefully examined subject however to assuring the workers and employees of job security or in the alternative opportunities for retaining and redeployment. The United Front Government will establish a Disinvestment Commission to advise the *Government on* these steps. Any decision to disinvest will be taken and implemented in a transparent manner" *...(Interruptions)...* I would certainly compliment the United Front Government for having taken this step further, for having established a Disinvestment Commission and for having laid down the terms of reference of the Disinvestment Commission. In fact, most of the cases which the present Government is dealing with, the Department led by my

able colleague MA Arun Sfsourie is now dealing with, are those 50 undertakings which were referred to - some were referred later on — for 58 other recommendations of the Disinvestment Commission are available. But those 50 undertakings which were referred to the Disinvestment Commission were referred to by the United Front Government itself. The list of reference of 40 PSUs was in September 1996, and the second list was in March 1997. Since one of the companies has been most referred to in the debate yesterday and today, I must mention that the United Front Government had a foresight that the first case that it referred to the Disinvestment Commission was of Air India which has been most mentioned in this particular House in the last two days. Once out of power, it is very easy...*interruptions*).

SHRI JIBON ROY: What is the recommendation about Air India?

SHRI ARUN JAITLEY: The recommendation of the Disinvestment Commission in reference to Air India was that , *interruptions*) I There are marginal differences between what the Government has decided and what the Disinvestment Commission had said. But 40 per cent disinvestment ..*interruptions*),.

SHRI JIBON ROY: It was 20 per cent.

SHRI ARUN JAITLEY: I am sorry, I will correct you. One of the recommendations of the Disinvestment Commission in reference to Air India was 40 per cent, except that they wanted 40 per cent disinvestment by virtue of issuance of extra shares to the company itself. Therefore, what the Government has done is not in complete variation. We had added two other aspects to it. We have, in fact, done something which at least the Left must support us. for the first time in India we have introduced the scheme of employees stock option which is sharing the corporate wealth with the employees themselves. Never in the past had this been done, This is one addition which we have made to the recommendations of the Disinvestment Commission itself. Sir, several questions have arisen. I must comment on what Shri R.P. Goenka has said, He besides being a Member of this House has practical experience of business and he knows how the market operates. He said, If you go about investing .., * — this is directly contrary to what Mr. Mukherjee said yesterday — ..*, 2 per cent, 8 per cent and 10 per cent small disinvestments in small lots, you will not get the value for the Government assets." I am not standing here to say that what was done in the past from 1991 to 1997 was wrong. I am not for a moment saying that. I would, in fact, compliment the present Leader of the

Opposition that at least in 1991 he had the courage of conviction to start on a particular object. And at least during the first nine years the agenda which he laid down and which was expanded even when the United Front Government was in power, let me say so, there was no case of disinvestments of loss making units even when the United *Front* Government was in power. You were only thinking in terms of VSNL, MTNL, GAIL, etc. ..(*Interruptions*).. Yes, now, we have realised, as we have the word of wisdom by Mr. Goenka, that we would never get the best value for it.

Historically, it has been proved. Today, The Economic Times carries *an article* "Why are the shares of the public sector undertakings on the stock exchange listed at a value which is not very high as compared even to the book value of those shares". There are several factors for it. I do not want to go into it. What is ultimately the objective of disinvestment? There is unanimity in this House that the objective of disinvestment is not --and should never be — to bridge the budgetary gap. That is not the objective. If *that is* not the objective, by just a minority disinvestment of two per cent and eight per cent, what is it that we were achieving? What we were achieving in the process was we were probably not getting the best value for the shares. The public sector shares on the stock markets are not rated very high nor were there other advantages of disinvestment. One of the objectives of disinvestment is, once you get a strategic partner you should be able to get into that particular company. The company is going to remain; the object of disinvestment is revival of that unit, strengthening of the unit, saving of the jobs.

SHRI DIPANKAR MUKHERJEE (West Bengal): You are privatising. Why don't you come and say that I want to privatise? If you have the courage, come out. Yesterday also I gave you a challenge. You say, 'I want to change the ownership; I want to privatise the public sector'. Do it.

SHRI ARUN JAITLEY: You wanted to know whether we have *the* courage. Please pick up the 1999 Budget Speech of Mr. Yashwant Sinha. He did use the word 'privatisation'. There is no question of this Government not having the courage. This Government is the first Government which has the *courage* of conviction to implement the economic reforms process. There is no question of our double talk on this particular issue.

SHRI DIPANKAR MUKHERJEE: We are now discussing strategic sale, not disinvestment.

SHRI ARUN JAITLEY: The policy of the Government, as I will outline, has been very clear.

SHRI JIBON ROY: One minute...

SHRI ARUN JAITLEY: Mr. Chairman, Sir, I am not yielding. I am not yielding. If there are any questions, after this, you will get your chance to raise them. You wanted to know whether this Government has the capacity. In the last year's Budget Speech itself this phrase was, used. There is, therefore, no question of this Government being reluctant to use this particular case. The policy of the Government is very clear today. We have had an experience in 39 companies. We went through a process of minority disinvestment. On an average in those 39 companies, we have disinvested to the extent of 16 per cent per company. Today, you have to introspect, think back and analyse. Did we get the best value of what we did in the last ten years? Was there any improvement in the managerial abilities of that particular company? Was there a professional management also coming in, bringing in capital, bringing in new technology into those companies? And then, what are the larger objects of this particular process? This Government very clearly decided. Sir, in relation to each public sector unit, but object is to see that the unit survives. The policy is a comprehensive one. There are units in the strategic sector which are not going to be privatised or disinvested. There are other units where we will make a decision, and the decision to keep even certain non-strategic units in the public sector will be guided by several factors: Is the presence of a public sector unit required in the interest of the national economy? If yes, we will keep it in the public sector. If it is required, as a counter-veiling force to prevent the private sector monopoly, even if it is non-strategic, we may still choose to keep it in the public sector. That is the policy of the Government which we have repeatedly pronounced.

SHRI JIBON ROY: Why do not you release a White Paper on this?

SHRI ARUN JAITLEY: Well, now, I think, we are not debating upon mere formalities of an oral speech or a White Paper. The policy is very clear. Therefore, we go into this question. What about the revival of units?

SHRI JIBON ROY: It is clear in your kitchen, not in the House.

THE VICE-CHAIRMAN {SHRI MD. SALIM}: Please. Mr. Roy, allow him to complete.

SHRI KAPIL SIBAL: We should let the hon. Minister complete his reply.

SHRI ARUN JAITLEY: Thank you, Mr. jaibal. As far as the policy of revival and reconstruction is concerned, even the Budget Speech, 2000, of the Finance Minister very clearly stated that we are going to revive those units as long as they are to be kept in the public sector.

SHRI JIBON ROY: Which are those units? You want all units to be privatised. What is the meaning of this? I do not understand the point.. *.(Interruptions)...*

THE VICE-CHAIRMAN (SHRI MD. SALIM): Mr. Roy, I cannot allow you to seek clarification on every word.

SHRI ARUN JAITLEY: If you choose not to understand, *let me give* you two illustrations that you have not chosen to acquaint yourself with. A very major reconstruction package *has been* announced by the Government about the SAIL. A very major reconstruction package has been announced by this Government about the HMT which you must be aware of.

SHRI JIBON ROY: They are also going to be privatised.

SHRI ARUN JAITLEY: Therefore, I am sure, I have given you two illustrations. Therefore, you would try to understand.

SHRI JIBON ROY: Again, you are making poetry. I could not understand. Nobody can understand,

SHRI ARUN JAITLEY: Sir, let me say this. I really cannot help those people *who* choose not to understand. You wanted those units; I have given you those units. Yesterday, a suggestion was made. The suggestion was. "Why are you going in for a process of a strategic sale?" Let me clarify. In all cases, we do not go in for a process of strategic sale. We are not intending to do so. The Disinvestment Commission, which was set up by the United Profit Government, made several sets of recommendations. We start the process. We consider the recommendations of the Disinvestment Commission which the Government has said *are* indeed very valuable as far as the Government is concerned..*interruptions)...* Today, there is no Commission. I will *explain* the reason as to what the Government is doing about the Disinvestment Commission.

SHRI DIPANKAR MUKHERJEE: Let the Minister explain this.

SHRI KAPIL SIBAL: Let the Minister reply this point.

SHRI ARUN JAITLEY: The Minister will do that. But, the policy of the Government is very clear in this particular matter. The Disinvestment Commission has made some very valuable suggestions -- the Government

4.00 P.M.

determines as to what is the larger road map of each particular PSU, whether the presence of the PSU in the Governmental sector is required or not required. At times, a criticism is made as to why are we not going in for a big-ticket privatisation. Why don't you go and first privatise the larrative companies or the blue chip companies? That is one criticism we face, the second criticism we face is, why is it that you are including a large number of loss-making units? Today, a comment was made as to which are the loss-making units, The decision which we have taken, one privatisation has taken place. There are 18 other cases, which have been cleared, which are pending before the Government. This includes a large number of cases which are loss making units. It includes marginal cases, it includes some profit making companies also. The object of this whole prcess is this. There are units which are suffering, losses, units which aremoving towards closure, units which are threatened. The hon. Member was just now mentioning that we need so much money. It was mentioned that Air France invested \$ 4 billions. Should we now tell the taxpayers of India that to revive s particular unit - there are a few million or a billion, as Mr. Sibal prefers to enlarge the figure -- we want to impose these taxes uponyou? Or we tell the people that we are going to cut down your subsidies because we have to subsidise a particular unit.

SHRI KAPIL SIBAL. Sorry for interrupting. It was not for the revival of the unit. It was for the expansion of the Air France.

SHRI ARUN JAITLEY- Mr. Sibal, it could be. I am grateful to you. But in any case, as the hon. Member from the DMK just now mentioned, Option is very clear. The size of the revenue and the money available before the Government is very clear. Either you arc going to use this money for developmental process in the social sector, or you are going to pick up afew million or billion out of them and say(*Interruptions*)... I will certainly come to your question also. I have not yet completed my speech. Or. We say to the taxpayers. Well, your money which has come for this particular purpose, is now going to be utilized for funding the losses which the Government has suffered in the course of owning all these Businesses. The Government has to take a conscious decision. The decision has to be in the interest of the overall economy, the decision has to be In the interest of the social sector, the decision has to be in the interest of the particular unit. A large number of them are in areas where the private sector does exist already. I can come cut with the figures I need not go into the point where the past policy had costed so much. I am not analysing the policy

of the last ten years, or even before that. I would straightaway concede to what the hon. Member here said, "At the time when they were set up, there was a historical role which a large number of units had to perform." But, today, to come and start creating a distinction - well, my learned friend from the CPM says, "I am not on the loss-making ones." -- is not correct. So, one half of them — I do not know whether you have given up the objection or you are still sticking to it - 120 odd, are loss-making. Nobody has very seriously questioned, as far as those are concerned. (*interruptions*)

SHRI JIBON ROY: Let us have State by State.

SHRI ARUN JAITLEY: Okay; *let me* tell you State by State. You will be glad to know that it is not merely the prerogative of the Centre. Government. As far as national economy is concerned; we have 236 units in the Central Government. We have units in every State. I was reading* last week that the Punjab Government has also decided to set up a Disinvestment Commission. The Haryana Governor has also announced a decision in this regard last week. The Karnataka Government is in the process. The Andhra Pradesh Government,...(*Interrptions*)

SHRI KAPIL SIBAL: We know that. The net's because of the budgetary deficit at the State level.

SHRI ARUN JAITLEY: Mr. Sibal, that is not merely because of the budgetary deficit. I trust that the State Governments are also interested in seeing to it that the loss-making units are revived because closure is something they don't deserve.

SHRI JIBON ROY: Will you please yield for a minute?

SHRI ARUN JAITLEY: I am coming to the West Bengal Government also. ...(*interruptions*)... I am coming to the West Bengal Government.

SHRI JIBON ROY: Please, for a minute.

SHRI DIPANKAR MUKHERJEE: I know he is a good lawyer, he cannot do. (*Interruptions*)

SHRI ARUN JAITLEY: There is an area where the West Bengal Government is looking for a management partner. We know that. (*Interruptions*) The West Bengal Government is also looking for a management partner. (*Interruption*)

SHRI JIBON ROY: Will you please yield for a minute? I know you are a great man. i am a labour, a worker in public sector factories. Will you please yield for a minute? There is no doubt that the Disinvestment Commission was constituted by the United Front Government. But before that para, the United Front Government never made any recommendations. However, a committee was constituted. After all, that committee was a committee of bureaucrats. It made several recommendations. In their recommendations, they dealt with capital assets worth Rs. 2.8 lakh crores. Do you think we can go ahead and implement that report of the bureaucrats, without discussing it at length in the House, without taking the consent of the people?

SHRI ARUN JAITLEY: Sir, I am grateful to the hon. Member for having raised this issue. There is absolutely no question of there being any issue which should not be debated in this House.

SHRI JIBON ROY: The Disinvestment Commission has never been debated in this House. It has never been debated in this House.

THE VICE-CHAIRMAN (SHRI MD. SALIM): He had yielded, and you have made your point. Please, let him speak.

SHRI ARUN JAITLEY: I thought the Disinvestment Commission and its recommendations were being cited against us as a mantra. When we said that, that was the basic day we started considering and that was the Commission which was set up by the United Front Government. Now, the question is raised that it has never been debated in the House. This House, on several occasions, has had an opportunity to discuss the subject of disinvestment.'... including the reports of the Disinvestment Commission. Every page of it is open for discussion even today. (Interruptions)

SHRI JIBON ROY: Not once has it been placed on the Table of the House.

SHRI ARUN JAITLEY: Every page of it is open for discussion. Nobody has prevented a discussion on the issue of Disinvestment Commission. Therefore, the question which arises today is, what is the larger purpose of disinvestment or privatisation process? And I said, in some cases, we look for a strategic partner because there are certain advantages in it. The Government gets the best value. You get professional management; you get a partner who will make investment and revive those units. There are some cases where you may want to disinvest, but you may feel that the larger interest of the economy is that such a unit

must not go into a single hand. Therefore, you can disinvest into the retail market so that the entire body of the investors may apply for small shareholdings and have a professional management running it. The Disinvestment Commission also, in the recommendations that it has made, said that there are 29 cases for strategic sale, eight cases for trade sale, that is, sale in the market, offer of shares to employees and others in five cases, and in 11 cases, it said you defer the whole process. Therefore, the professional body which was constituted and which went into *j.* the details in every case also laid down the areas where you must offload the shares in the markets and not* give control to any one individual, as against strategic partners, which was felt as a better option in the interest of the company and also in the interest of getting a larger revenue, as far as the State was concerned. Last Monday, Sir, a question was raised in this House and I had indicated - when somebody said, change the name of disinvestment; I really admire the foresight of the hon. Member - that it is not a process by which you are closing down a unit. It is a process by which you are trying to save the units which are moving towards sickness. You try to revive the loss-making units by bringing investment into them and by getting professional management into them. When you see the road map of the units which are facing an increasing competition today, you would see that they may be in profit, they may fetch you a particular value, but in view of the competitive areas, after the liberalisation process, with monopolies coming to an end, State monopolies coming to an end, regulatory frameworks coming to an end, we may foresee that five years from today, either their values will go down or the units will probably get into some trouble. Therefore, just saying that today it is making profits is really not the criterion. You have to take the larger interest, in the long-term, of the unit and also of the economy and of the workmen into mind before you decide as to what to do with that particular unit. There are several reasons, Sir, why successive governments, including the interim Government of 1991, including the Congress Government, for five years, initiated this particular policy. That is the basic question. After the liberalisation process, when the private sector has come into a lot of businesses, in fact, a lot of businesses in a big way, should the taxpayers' money be locked in those businesses? Or, should we bring the taxpayers' money and spend in the social sectors. What should be the Government's first priority? Or, should you go to the taxpayer and say that I cannot give you irrigation, I cannot give you hospitals, I cannot give you educational institutions because my money is lying blocked in businesses, even though

you have a large private sector which is waiting to step into those businesses? The object of disinvestment process is that-you try' and introduce a professional management into the particular unit, you bring in more investment into the unit, you make it more competitive. Now, several illustrations have been given. Air India is a case which is mentioned. Shri Ramoowaliaji was saying. He was raising several questions relating to sovereignty. I am not merely going by the world precedent that 35 out of 50 major airlines in the world today are private. I am not going by that precedent. Every country has its own value systems. Air India has been very dear to us. Air India has to be saved, But we must also realise that whereas Air India, must be saved from this loss-making trend which has started, we must adopt a policy in the context of Air India which is also a pro-consumer policy. With the decline in performance, have we even considered how our own consumers are suffering? Today, we have a 25 million diasporas living outside India, that is, Indians travelling outside India. Have we tried to compare ourselves with the various foreign airlines? Air India was a great airline at one point of time. In the last few years its performance has dipped. The kind of tariffs that our consumers are having to pay I was studying the figures - a major airline which commands a lot of traffic in and out of India to Europe, per kilometre, is charging our consumers, our travellers, coming to India and going out of India almost two-and-a-half times the fare that it charges between Europe and the United States.

Why do people coming to India and going out of India have to pay two-and-a-half times more fare? The reason is very clear. There is little competition here. You will get a choice of ten different airlines on that route. Where there is a larger competition, the prices will come down. *(Interruption)* When the hon. Member was saying .. *..(Interruptions)*

SHRI JIBON ROY: The respective Governments are providing subsidy. *(Interruptions)*

OR. BIPLAB DASGUPTA: (West Bengal): There is one minor question which I would like to put. Do you know how much subsidy the British Government is giving to Concorde? *(Interruptions)* Is there any competition for Concorde?

SHRI ARUN JAITLEY: With utmost respect to you, I do not think our economy is such that to the richest niche of traveller, who travels by Concorde, the Government must think in terms of giving subsidy for his travel. That will be neither good politics nor good economics *(interruptions)*

SHRI K. RAHMAN KHAN (Karnataka): What are the recommendations of the Disinvestment Commission, so far as Air India is concerned? To get a better price(Interruptions)...., it has recommended that you should invest Rs. 1,000 crores first and then go for disinvestment. You have to clarify this. (Interruptions)

SHRI ARUN JAITLEY: We have considered those recommendations (Interruptions)

SHRI DIPANKAR MUKHERJEE: Sir, he should not give clarifications. He is not a Minister. *He is a Member.* He should speak. How can he give clarifications? (Interruptions)

SHRI ARUN JAITLEY: But you are seeking clarifications, (interruptions)

THE VICE-CHAIRMAN (SHRI MD. SALIM): You are seeking clarifications after clarifications. (Interruptions) Mr. Jaitley is intervening. (Interruptions). His time is also limited. He has to conclude now. (interruptions) Further clarifications will be made by Mr. Arun Shourie. (Interruptions)

SHRI ARUN JAITLEY: There are several aspects which the Government has to take into consideration. When you say 'we disagreed on Air India, we added the issue of the e-sops, the employees' stock option. Nowt come to the last question. I am sure Shri Arun Shourie will deal with the rest of the points. There are several points to which he has to respond. As far as the interests of the workmen is concerned, the Government has very clearly said, we are trying to revive the PSUs which are required to be there in the public sector. I will give an illustration. There are cases where the best interest of the unit is served by disinvestment or privatisation process. We are going in for privatisation. It would be a very transparent bidding process. No private negotiations are involved in this. As far as the interests of the workmen is concerned, the interests of the workmen, in the first instance, is going to be protected when we try and save most of these units. This Government has already announced a VRS package which is till date the most attractive VRS package any Government has announced in India. We have, for the first time, initiated the process by sharing the corporate wealth with the workmen who helped to create it, by giving a scheme of e-sops, In the agreements that we entered into, even in the case of strategic sales — we have done one case so far- and we adequately provided there- -the

perception of both parties, the Government and the strategic partners, is that no retrenchment will be required. In some cases of over-staffing we try to see to it that the economic package which is available to the employee is such that it will even soften the blow, as far as the employees may visualise. There are cases when the hon. Member said "why did you disagree?" "Have you realised?" When we added the e-sops formulation, as far as the Air India employees are concerned, the largest Air India union made a statement supporting the privatisation of Air India and the disinvestment of 40%. I would, therefore, only say that the Government will take into account the overall interests of the economy. It has been taking into account the interests of the unit, the interests of the employees. This actually is a process of revival of this unit. That is the reason why some who criticised it here, when they come into power in the States, will be in the process of resorting to the same policy which the present Government has adopted today. As the hon. Member from the DMK suggested, we have to look for better alternatives, if there are any. In the absence of any alternatives, perhaps the policy of the Government today is unquestionable.

श्री संजय निरुपम: उपसभाध्यक्ष महोदय, मुझे लगता है कि डिसइन्वेस्टमेंट की पॉलिसी पर किसी को ऐतराज नहीं है, अगर ऐतराज है तो डिसइन्वेस्टमेंट के तरीके से। उस तरफ से यह शुरूआत हुई, इस तरफ से इस पूरी प्रक्रिया को आगे बढ़ाया जा रहा है। जेटली साहब मंत्री हैं, अभी एक सदस्य के नाते बोल रहे थे और उन्होंने अपने भाषण के अंतिम भाग में कहा कि अलग-अलग पब्लिक सैक्टर को रिवाइव करने के लिए डिसइन्वेस्टमेंट हो रहा है। हम विश्वास करते हैं उनकी बात का, लेकिन जब वित्त मंत्री जी ने अपना बजट-भाषण दिया था तो उनका कहना यह था कि *it will be generated through disinvestment process*. For what, I do not know, जब अलग-अलग पब्लिक सैक्टर के रिवाइवल के लिए थोड़ा-थोड़ा डिसइन्वेस्टमेंट किया जा रहा है तो फिर 10,000 करोड़ रुपए का टॉरगेट क्यों रखा गया? यह कहीं न कहीं शक पैदा कर रहा है। डिसइन्वेस्टमेंट का मुख्य कारण जो बताया जाता है वह यह कहा जाता है कि ये सारी कम्पनियां बीमार पड़ गई हैं, घाटे में चल रही हैं, उनको बेच देना चाहिए, उनका डिसइन्वेस्टमेंट किया जाना चाहिए। फिर मेरे मन में सवाल आता है कि जो मुनाफे की कम्पनियां हैं उनको क्यों बेच रहे हैं? इस मुद्दे पर अपने बहुत सारे माननीय सदस्यों ने बोला है। जेटली साहब के जवाब में थोड़ी सी बात निकलकर आ रही थी कि जो बहुत ज्यादा मुनाफे की कम्पनियां हैं, उनके बारे में हम सोचेंगे, पुनर्विचार करेंगे। अभी 23 जून को एक मीटिंग हुई थी। केबिनेट कमेटी ऑन डिसइन्वेस्टमेंट, इस मीटिंग में मैंने सुना कि काफी शोर-शराबा हुआ। केबिनेट कमेटी की उस बैठक में ऐसे बहुत सारे पी.एस.यूज, एजेंडा में रखे गए, जो आज भी प्रॉफिट मेकिंग है-एम.टी.एल.ओ.एन.जी.सी., वी.एस.एन.एल. ये सारी प्रॉफिट मेकिंग कम्पनियां हैं।

श्री दीपांकर मुखर्जी: नहीं, नहीं, लॉस मेकिंग हैं, पैसा जा रहा है पब्लिक का।

श्री संजय निरुपम: तो ये सारी जो ऐक्टिविटीज हैं, ये सारी जो गतिविधियां हैं, ये कहीं न कहीं शक पैदा करती हैं, उनसे सवाल पैदा हो रहे हैं और सिर्फ मैम्बर्स के मन में ही नहीं,

आम आदमी के मन में सवाल पैदा हो रहे हैं कि यह क्या हो रहा है। तो आम आदमी के मन में जो सवाल पैदा हो रहे हैं, उनका जवाब तो हमें देना पड़ेगा और दोनों अरुणों से हमें बहुत ज्यादा उम्मीद है। इन सवालों का जवाब हमें आज नहीं तो कल देना पड़ेगा। हमारे अंदर एक एकाउंटेबिलिटी की बात है यह। हम यह बताना चाह रहे हैं कि ये घाटे की कम्पनियां हैं, फिर सवाल यह आता है कि ये कम्पनियां घाटे में क्यों आ गई? विरुम्भी जी ने बजटरी सपोर्ट की बात कही थी, मैं भी कुछ फिगर्स लेकर बैठा था। 1990 में हमारे जितने भी पब्लिक सैक्टर यूनिट्स थे, उनको सेंट्रल गवर्नमेंट ने जो बजटरी सपोर्ट दिया वह 32 परसेंट था जो कि 1995 में घटकर 13 परसेंट हो गया। बजटरी सपोर्ट सिर्फ कम्पनियों को चलाने के लिए नहीं होती है, उन कम्पनियों पर क्या-क्या जिम्मेदारी हैं, यह भी देखिए। यह कहना बहुत आसान है कि सोशियल सैक्टर में हमको पैसा खर्च करना चाहिए। एयर इंडिया को 1,000 करोड़ हम क्यों दें, वह एक कमर्शियल ग्रुप है, कमर्शियल कम्पनी है, इससे बढ़िया तो यह होगा कि हम गरीबी दूर करने के लिए, चिकित्सा सुविधा के लिए, स्कूल बनवाने के लिए पैसा खर्च करें। लेकिन हम यह भूल रहे हैं कि हमारे देश में बहुत सारे ऐसे पब्लिक सैक्टर यूनिट्स हैं जिनका सोशियल सैक्टर में बहुत बड़ा योगदान रहा है। भिलाई स्टील कम्पनी हमारे सामने है। पूरा भिलाई शहर भिलाई स्टील कम्पनी चलाती है और उतनी वैल डिजाइन, वैल गवर्नर्ड सिटी मेरे ख्याल में हिन्दुस्तान में बहुत कम हैं। 20,00,000 लोगों को हमारे पब्लिक सैक्टर ने रोजगार दिया है, यह क्या सोशियल सैक्टर में कोई काम नहीं है? जिस दिन हम इन कम्पनियों को दूसरे लोगों के हाथों में दे देंगे, प्राइवेट सैक्टर के हाथों में दे देंगे, उस दिन उन लोगों को रोजगार देने की गारंटी कौन देगा? शौरी जी, हमारे सामने एन.डी.ए. का जो एक कॉमन मिनिमम् प्रोग्राम है, ऐजेंडा फार गवर्नमेंस है, उसमें साफ-साफ कहा गया है कि हम रोजगार देने के लिए वचनबद्ध हैं, मेरे ख्याल से फिगर भी तय किया गया है चार करोड़ लोगों का। अगर हम इस तरह से डिस्इन्वेस्टमेंट करते जाएंगे तो उनके रोजगार का सवाल उठेगा। वी.आर.एस. लोग ले भी लेंगे, उनको आप कन्वेंस कर देंगे, वे पैसा लेकर चले जाएंगे लेकिन फिर बेरोजगार हो जाएंगे और इस तरह बेरोजगारी तो फिर भी बरकरार रहेगी।

मैं बताना चाहूंगा कि पब्लिक सैक्टर ने हमारे देश में किस तरह का काम किया है। ठीक है, पिछले 50 वर्षों में नुकसान भी हुआ, कुछ कम्पनियां बीमार भी हो गईं, इससे इन्कार नहीं किया जा सकता लेकिन उसके भी अलग-अलग कारण हैं। सिर्फ पब्लिक सैक्टर को दोष देने से कुछ नहीं होगा। मैं मानता हूं कि ब्यूरोक्रेसी में दोष है, लेकिन बजटरी सपोर्ट में जिस तरह से हम कमजोर पड़ते चले गए, जिस तरह से लगातार हमने उसकी उपेक्षा करनी शुरू कर दी, उसका नतीजा निकलकर आया। महोदय, उन कंपनियों का एक्सपेंशन होना चाहिए था, अपग्रेडेशन होना चाहिए था, माडर्नाइजेशन होना चाहिए था, वह नहीं हो पाया। आज वे बीमार पड़ गई हैं, कमजोर पड़ गई हैं तो ये कहते हैं कि चूंकि ये कमजोर पड़ गई हैं, बीमार पड़ गई हैं, घाटे में चली गई हैं, इसलिए इनको बेच डालो। हमारे देश में जो इन्फ्रास्ट्रक्चर की फैसिलिटीज उपलब्ध कराई गई हैं, उनमें पब्लिक सैक्टर का बहुत बड़ा योगदान रहा है। मुझे लगता है कि इन कंपनियों को अगर हम बाहर की कंपनियों के हाथ में या निजी कंपनियों के हाथ में बेच देंगे तो वे यह जिम्मेदारी भूल जाएंगे। हमारे देश के फेडरल स्ट्रक्चर का बहुत बड़ा मुद्दा यह है कि रीजनल इम्बैलेंस, जो क्षेत्रीय असंतुलन हमारे देश में है, उसको कम किया जाए।

महोदय, जब नेहरू जी ने भिलाई स्टील प्लांट के बारे में सोचा तो उसे रायपुर क्षेत्र में स्थापित किया। इतने पिछड़े क्षेत्र में उस कंपनी को ऐस्टेब्लिश किया। आज इस क्षेत्र का अगर

विकास हुआ है तो वह भिलाई स्टील प्लांट की वजह से हुआ है। जिस दिन आप प्राइवेट कंपनियों को पब्लिक सैक्टर की जिम्मेदारी लेने से पूरी तरह से फ्री कर देंगे, मैं दावे के साथ कह सकता हूँ कि उस दिन सारी प्राइवेट कंपनियाँ चाहेंगी कि वे महाराष्ट्र में खुद को ऐस्टेब्लिश करें। महाराष्ट्र अपने आप में एक बेहतरीन स्टेट है। सारी कंपनियों की यह इच्छा होगी कि वे महाराष्ट्र में ही अपना हैड ऑफिस ऐस्टेब्लिश करें और वहीं फैक्टरी भी लगाएं। फिर आप कितना भी कहते रहें कि जरा रायपुर चले जाइए, जरा बिहार चले जाइए, कोई नहीं जाएगा।

तो जो क्षेत्रिय असंतुलन था, उसको दूर करने के लिए कहीं न कहीं पब्लिक सैक्टर की जरूरत थी और उस जरूरत को पूरा भी किया गया। महोदय, सामाजिक, शैक्षणिक और सांस्कृतिक क्षेत्र में पब्लिक सैक्टर का बहुत बड़ा योगदान रहा है, हम इसे भूल रहे हैं। घाटा-घाटा कहकर इनका जो योगदान था, उसको हम एकदम से इग्नोर करते जा रहे हैं। किसी पेप्सी से या किसी कोला से हम उम्मीद नहीं कर सकते कि वह हमारी सड़क बनवाकर दे दे। उनसे हम यह उम्मीद नहीं कर सकते कि वे भिलाई स्टील प्लांट की देखभाल करें। यह जो पब्लिक सैक्टर हैं, इनके ऊपर कहीं न कहीं एक सोशल रिस्पॉसिबिलिटी थी, सामाजिक जिम्मेदारी थी और इन सामाजिक जिम्मेदारियों का निर्वाह किया गया।

उपसभाध्यक्ष (श्री मोहम्मद सलीम): समय का ध्यान रखना पड़ेगा आपको।

श्री संजय निरुपम: सर, अभी तो मैंने शुरू किया है। मुझे थोड़ी सी छूट दीजिए।

मैं शहरीकरण की बात कर रहा था। महोदय, 1997-98 में पब्लिक सैक्टर ने 3,147 करोड़, 16 लाख रुपए सिर्फ शहरीकरण पर खर्च किए। यह किसी प्राइवेट कंपनी से आप उम्मीद नहीं कर सकते। आप कितनी भी प्राइवेट कंपनियों को आने दीजिए, कितना भी प्राइवेटाइजेशन कर दीजिए, शहरीकरण के ऊपर, शहरों के रख-रखाव पर जो सो कॉलड सोशल सैक्टर हैं, इस क्षेत्र में पब्लिक सैक्टर ने 3,147 करोड़ रुपए खर्च किए हैं।

महोदय, कल एक मुद्दा उठा था डिविडेंड्स के बारे में कि पब्लिक सैक्टर में 2 लाख, 30 हजार करोड़ रुपए का इन्वेस्टमेंट किया गया है लेकिन कोई डिविडेंड नहीं मिला, डिविडेंड घटता जा रहा है। मेरे ख्याल से उस समय रामदास जी बोल रहे थे। कल ही मेरी इच्छा थी जवाब देने की। यह बात सही नहीं है। डिविडेंड्स कैसे आते हैं? महोदय, 1998-99 में 46,925 करोड़ रुपए का डिविडेंड आया है यानी उसमें 11 प्रतिशत वार्षिक बढ़ोत्तरी हुई है। आपने कभी उन पब्लिक सैक्टर कंपनियों को सहलाया नहीं, बल्कि उनको लावारिस की तरह छोड़ दिया। उनमें कोई एक्सपेंशन नहीं हुआ, माडर्नाइजेशन नहीं हुआ, फिर भी उनका डिविडेंड बढ़ रहा है, यह अपने आप में एक मजेदार बात है। आप कह रहे हैं कि पब्लिक सैक्टर की कंपनियाँ डिविडेंड नहीं दे रही हैं, सरकार के ऊपर बोझ बन गई हैं, ये सिरदर्द बन गई हैं, हटाओ इनको जल्दी। इतनी तकलीफों के बावजूद उनका डिविडेंड बढ़ रहा है, वे सरकार को लाभांश दे रही हैं। ऐसी स्थिति में मुझे नहीं लगता कि किसी भी सरकार को यह अधिकार है कि रातों-रात वह इनको बेच डाले, फेंक डाले, काट डाले। यह गलत होगा। और यह गलत हो रहा है, इसलिए हम आज इसके विरोध में खड़े हैं। मैंने पहले ही कहा था कि डिसइन्वेस्टमेंट की पालिसी पर इतना ऐतराज नहीं होना चाहिए। आप कंपनियों को प्राइवेट हाथों में दीजिए लेकिन आप सब कुछ तो नहीं बेच सकते, कुछ न कुछ तो आपको अपने हाथ में रखना ही पड़ेगा।

महोदय, डिसइन्वेस्टमेंट के जो समर्थक हैं, वे बहुत अच्छे ढंग से बोलते हैं कि क्या सरकार का काम है जूता बनाना? क्या सरकार का काम है साईकल बनाना? क्या सरकार का

काम है घड़ी बनाना? क्या सरकार का काम है कार चलाना? क्या सरकार का काम है जहाज उड़ाना? क्या सरकार का काम है चिकित्सा सुविधा उपलब्ध कराना? हम भूल जाते हैं कि हमारे कांस्टीट्यूशन में कहा गया है कि भारत एक वेलफेयर स्टेट है। लोक कल्याणकारी राज हम अपने आपको बोलते हैं, यानी सरकार की जिम्मेदारी है। कल राम नाईक साहब का एक प्रश्न था और एल.पी.जी के बारे में डिस्कशन हुआ। मैंने आखिर में एक प्रश्न उठाया था कि एल.पी.जी के क्षेत्र में जो निजी कंपनियां आई हैं वे कितनी सफल हो पाई और उसके बाद मार्केट में किस तरह का कम्पटीशन निकल कर आया? उन्होंने कहा कि ये लगभग सब बंद हो गई। क्योंकि वे सब्सडाइज्ड रेट पर एल.पी.जी. नहीं दे सकती थी। हम सब्सडाइज्ड रेट पर एल.पी.जी. क्यों देते हैं क्योंकि कहीं न कहीं हम अपनी जिम्मेदारी महसूस करते हैं कि हमारे घरों में, हमारे समाज में जो महिलाएं रसोई घर में हैं उनको सस्ते रेट पर गैस मिले ताकि वे आसानी से खाना बना सकें। जिस दिन पेट्रोलियम मिनिस्टर ने सब्सिडी देना बंद कर दिया उस दिन एल.पी.जी का प्राइस बढ़ जाएगा, आम आदमी परेशान हो जाएगा। यानी पब्लिक सैक्टर में कहीं न कहीं गवर्नमेंट की एक जिम्मेदारी है और उस जिम्मेदारी को गवर्नमेंट निभा रही है। बिल्कुल उसी तरह से पब्लिक सैक्टर की भी अपनी एक जिम्मेदारी है और उस जिम्मेदारी को निभाया जा रहा है। अब आया डिसइन्वेस्टमेंट का तरीका।....(समय की घंटी)..

एयर इंडिया पर आऊंगा, फिर खत्म कर दूंगा। डिसइन्वेस्टमेंट के तरीके में मुझे लगता है कि शेयर्स प्लेसमेंट में कोई नुकसान नहीं है। लगभग दोनों पक्ष तैयार हैं और बीच वाला पक्ष भी तैयार है। आजकल स्ट्रेटेजिक पार्टनर के बारे में मैं धुंधला सुन रहा हूं। अब स्ट्रेटेजिक पार्टनर लीजिए, जोइंट वेंचर करिए लेकिन मैनेजमेंट का कंट्रोल अपने हाथ में रखिए। मैनेजमेंट का कंट्रोल आप बाहरी किसी कम्पनी को नहीं दें। मुझे सबसे ज्यादा चिंता इस बात की लग रही है कि डिसइन्वेस्टमेंट का जो पूरा रास्ता है जो हमारी सरकार ने एक हाईवे बना दिया है वह हाईवे सीधे जाकर विदेशों में रुक रहा है। विदेशी कम्पनियों को हमारे देश के पब्लिक सैक्टर में परमिशन नहीं मिलनी चाहिए। आप पहले अपनी देशी कम्पनियों को कहीं न कहीं मौका दीजिए ज्यादा से ज्यादा इस क्षेत्र में काम करने के लिए। एयर इंडिया के बारे में जो एक डिसइन्वेस्टमेंट प्रोसेस चल रहा है उसमें मैं आपको बतलाता हूं। 26 परसेंट फॉरेन स्ट्रेटेजिक पार्टनर, 14 परसेंट इंडियन स्ट्रेटेजिक पार्टनर, 10 परसेंट फाइनेंसियल इंस्टीट्यूशंस और 10 परसेंट एम्प्लाइज के पास उस डोक्यूमेंट का सिर्फ एक पेपर होने के अलावा कोई महत्व नहीं रहेगा। एयर इंडिया के शेयर्स का क्या भाव है कोई नहीं जानता इस देश में। दूसरी बात आपने कहा कि 26 परसेंट हम फॉरेन स्ट्रेटेजिक पार्टनर को देंगे और 14 परसेंट इंडियन स्ट्रेटेजिक पार्टनर को देंगे, यानी आप ने फॉरेनर्स के सामने हमारे एक देशी आदमी को कमजोर बना दिया। सबसे पहले तो 26 परसेंट इक्विटी लेकर के एयर इंडिया में कोई भी फॉरेन स्ट्रेटेजिक पार्टनर नहीं आने वाला, मैं आज ही बतला रहा हूं क्योंकि मैं भी उस क्षेत्र में थोड़ा सा काम कर रहा हूं। मैं अर्थशास्त्री नहीं हूं, कोई वित्त का बहुत बड़ा जानकार नहीं हूं लेकिन थोड़ी सी कोशिश कर रहा हूं समझने की। कुछ लोगों से मैंने बात भी की तो पता लगा कि कोई फॉरेन एयर इंडिया में इंटरस्टेड नहीं है। और अगर कोई फॉरेन एयर इंडिया के लिए यहां पर आएगा तो उसकी भविष्य में यह कोशिश होगी कि जो 10 परसेंट फाइनेंसियल इंस्टीट्यूशंस के पास हैं और जो 10 परसेंट एम्प्लाइज के पास हैं उसको मेनिपुलेट करके अपने हाथ में ले ले। उसके बाद उनके पास

46 परसेंट हो जाएगा और दूसरा पार्टनर होगा इंडियन जो ऑलरेडि उसके बोझ के नीचे दबा हुआ होगा। उसका शेयर लेकर के वह मालिक हो जाएगा और इंडियन गवर्नमेंट के हाथ से एयर इंडिया निकल जाएगी। मुझे लगता है अरुण शौरी जी, और मैं आपसे निवेदन कर रहा हूँ कि इस सदन में लगभग सभी सदस्यों ने इस तरफ से जितने भी सदस्य बोले हैं लगभग सब ने कहा कि बेचिए, लेकिन एयर इंडिया को मत बेचिए....(व्यवधान).. मुझे अपने केस पर थोड़ा सा प्लीड करने दीजिए।

उपसभाध्यक्ष (श्री मोहम्मद सलीम): संजय निरुपम जी को अपनी बात बोलने दीजिए।

श्री संजय निरुपम: एयर इंडिया को आपने बेचने से बचा लिया। अभी जेटली साहब बोल कर गए कि एयर इंडिया के बारे में डिस-इंवेस्टमेंट कमीशन ने भी यही बोला था कि *it should be dis-invested*. लेकिन एयर इंडिया के बारे में डिस-इंवेस्टमेंट कमीशन की रिपोर्ट यह भी थी कि उसमें वन थाउजेंड करोड़ का फंड इनफ्यूजन फ्रॉम सेंट्रल गवर्नमेंट होना चाहिए। टोटल 156 करोड़ की बेसिक इक्विटी है सरकार की उसमें। पिछले 50 वर्षों में आपने इक्विटी नहीं बढ़ाई। मान लीजिए थोड़ी देर के लिए कि आपने दे दिया—एक फॉरेन स्ट्रेटजिक पार्टनर और एक इंडियन स्ट्रेटजिक पार्टनर का, कम्पनी चलाने के लिए फिर एक हजार करोड़ चाहिए। वह एक हजार करोड़ रुपया कहां से आएगा? एक हजार करोड़ रुपया जो इंडियन स्ट्रेटजिक पार्टनर होगा, जो फॉरेन स्ट्रेटजिक पार्टनर होगा उन लोगों को रेज करना पड़ेगा। वे निश्चित तौर पर अपना पैसा डालेंगे और उनकी इक्विटी बढ़ जायेगी यानी जो बेसिक एप्रोच है जो हमारे दिमाग में एयर इंडिया को लेकर सोच बनी हुई है वही दोषपूर्ण बनी हुई है। एयर इंडिया को बेचना बहुत मुश्किल काम है। इस साल एयर इंडिया को प्रॉफिट हो गया, पिछले साल का जो लॉस था वह पिछले दो-तीन महीने में लगभग आधा हो गया है। एयर इंडिया को बेचने के बारे में बहुत बहादुरी से कहा जा रहा है, *We will sell it out. We are very much committed to the disinvestment of Air India*. इस तरह की बातें बहादुरी से कही जा रही हैं। उससे एयर इंडिया का असेसमेंट खत्म हो रहा है, वेल्युएशन खत्म हो रहा है। एयर इंडिया में डिस-इंवेस्टमेंट करने से पहले जो ग्लोबल एडवाइजर तय किए गए हैं, मुझे उनकी भी जरूरत समझ में नहीं आती है। अपने एक साथी ने बताया कि चाइना में भी डिस-इंवेस्टमेंट हुआ, तो क्या चाइनीज गवर्नमेंट इंडियन गवर्नमेंट के पास आई थी कि मेरे यहां यह पब्लिक सेक्टर हैं इसका भाव क्या है यह आप बताइये? हमारी कम्पनी का भाव विदेशी लोग कैसे तय कर सकते हैं? शौरी साहब मेरा आपसे निवेदन है कि आप ही असेसमेंट करके दीजिए, आप ही तय करिए कि क्या हम उनको रोक नहीं सकते हैं? मुझे लगता है कि आने वाले दिनों में इसके संबंध में भारी प्रतिक्रिया हो सकती है। आने वाले दिनों में बहुत तकलीफ हो सकती है। इसलिए एयर इंडिया के ऊपर ग्लोबल एडवाइजर का जो प्रश्न है, जो मामला है, जो लगभग तय हो चुका है उसको अगर आप कैंसिल कर सकें, रद्द कर सकें तो बहुत मेहरबानी होगी। मैं एयर इंडिया को बचाने के लिए शौरी साहब को एक सुझाव दे रहा हूँ। यह सुझाव इससे पहले जेटली साहब को भी मैं दे चुका हूँ, लेकिन उन्होंने इसको रद्द कर दिया। एयर इंडिया की सबसिडरी होटल कारपोरेशन ऑफ इंडिया है, जो कि संतूर होटल की मालिक है। इसका बाकायदा असेसमेंट हो चुका है और वेल्युएशन हो चुका है और वह एक हजार करोड़ रुपये में बेची जानी चाहिए। अगर आपको छह-सात सौ करोड़ रुपये में उसको खरीदने वाले लोग मिल जाएं जो कि इस देश में एवेलेबल हैं और आपके चारों संतूर होटल्स को खरीद लें तो बहुत अच्छे ढंग से एयर इंडिया को रिवाइव किया जा सकता है। फिर किसी भी फॉरेन या इंडियन

सलेक्टव पार्टनर की कोई जरूरत नहीं है क्योंकि मेरा मानना है कि होटल चलाने से ज्यादा एयर इंडिया के लिए जहाज चलाना बहुत जरूरी है। होटल चलाने के लिए आईटीडीसी का क्या होगा? इसके बारे में तो आईटीडीसी के लोग तय करते रहेंगे। लेकिन एयर इंडिया के विमान उड़ाना, एयर इंडिया को चलाना, एयर इंडिया को जिन्दा रखना, एयर इंडिया को बचाना ज्यादा जरूरी है। उसके लिए एकमात्र उपाय हमारे सामने यही दिखाई दे रहा है कि होटल कारपोरेशन ऑफ इंडिया को पूरी तरह से डिस-इंवेस्टमेंट करिए, संदूर होटल को बेचिए, पांच-सात सौ करोड़ रुपये आपके पास आ जाएंगे। उस पैसे को पूरी तरह से एयर इंडिया में डालिये, पूरी तरह से इक्विटी करके उसको डालिये और उसके बाद एयर इंडिया बच जायेगा और आपका बहुत बड़ा प्रश्न, बहुत बड़ी समस्या का समाधान हो जायेगा।

जेटली साहब, मिनिस्ट्री ऑफ डिस-इंवेस्टमेंट के बारे में बोल रहे थे। किसी ने सजेस्ट किया कि यह नाम होना चाहिये। मेरा तो मानना है कि मिनिस्ट्री ऑफ डिस-इंवेस्टमेंट अपने आप में एक एनक्रोचमेंट सारी मिनिस्ट्रीज़ में कर रहा है। जितनी मिनिस्ट्रीज़ हैं, उनके जो एडमिनिस्ट्रेटिव हैड्स हैं वे अलग-अलग हैं।(व्यवधान)।

उपसभाध्यक्ष (श्री मोहम्मद सलीम): निरुपम जी, अब आप समाप्त करिए। आपके साथ जीवन राय जी भी ज्यादा बोलना शुरू कर देंगे।

श्री संजय निरुपम: उपसभाध्यक्ष जी, इसी के साथ मैं अपनी बात खत्म करता हूँ। मैं मानता हूँ कि अरुण शौरी साहब नये विनिवेश मंत्री बने हैं, वह हमारे निवेदन को सुनेंगे, समझेंगे और देश के हित में विनिवेश करेंगे। धन्यवाद।

SHRI N.K. PREMACHANDRAN (Kerala): Mr. Vice-Chairman. Sir, I thank you for giving me an opportunity to express my party's — RSP view in respect of the policy of disinvestment. I totally oppose the policy of the Government on disinvestment. I fully support and endorse the views expressed yesterday by our comrade, Dipankar Mukherjee, on disinvestment. Sir, I would like to point out that from yesterday onwards, this House is debating a very serious issue concerning our *national* economy, our economic sovereignty, and ultimately, our political freedom. Actually, we have been listening to this debate for the last few hours. I feel that the House is divided on this issue. The Congress which has pronounced this policy in the year 1991 is having a little bit reservation. Yesterday, I was a little bit happy to learn from the Congress benches that they are having such reservations and limitations to the policy of total disinvestment; especially, Shri Pranab Mukherjee, while opening the debate on this subject has said that the disinvestment policy now being pursued by this Government is not the policy which was decided by the Congress during its regime. So, subject to certain reservations and subject to certain limitations, the Congress is also directly or indirectly opposing it in 3, way. As far as I am concerned, and as far as *my party* and other allies are

concerned, we are totally opposing the policy of disinvestment because this policy is part and parcel of the liberal economic policy pursued during the last decade; because this is the policy which has been accepted and adopted by the most developed countries. This policy is in favour of them. It is opposed to the interest of the developing countries like India, it has also been revealed that the aggressive disinvestment of the public sector undertakings, the indiscriminate disinvestment of the public sector undertakings, including the blue chip companies, will be a death knell to the economic sovereignty, and ultimately, the political freedom will be in jeopardy. There is no doubt about it. We are having so many experiences in this world. So many learned friends are comparing our country with Japan, Italy, Germany, the most developed countries of the world. The question is whether we are able to compete with the technology of the Great Britain, Japan, Italy or Germany. We are having the experience of the Mexican economy; we are having the experience of the Brazilian economy, and all these experiences are before us. So, I would like to submit that this policy of liberalisation, privatisation and globalisation, LPG in short, would ultimately curtail the freedom of our country, and the economic sovereignty of our country will be in danger. So, I totally oppose this policy of disinvestment. I am not an economic expert. I am not a managerial expert. A serious doubt has arisen in the mind of a common man, a prudent man. Now, the hon. Minister, even though he has not answered the question yesterday, it has come out in the form of his reply. Even he has not answered the question which was raised yesterday. A question was put about the 127 PSUs which are making profits. What is the philosophy behind privatising behind disinvesting the 127 profit-making companies of our country, including the blue chip companies? What is the logic behind it? What was his answer? His answer was: 'These profit-making companies may incur loss in future.* So, anticipating that these companies may incur loss in future, the Government is privatising them or disinvesting those companies. So, the entire philosophy, the entire logic in favour of disinvestment has come out of this' argument alone. It was being argued by us yesterday that the sole motive of this Government in disinvestment is not to attain maximum efficiency in respect of these companies, not to strengthen the public sector units, not to strengthen the economic growth or the industrial growth and not to make maximum production. The sole objective of this Government is to get over the economic crisis, the financial crisis. At present, they want only 10,000 crores of rupees to meet the budgetary deficit, the fiscal deficit. That is the target. That is why we are

saying that this policy is not in favour of the industry but just to get over this particular situation. If this policy is meant to realise only Rs. 10,000 crores, what about Rs. 62,000 crores which can be realised? Sir, two measures are being taken. ...the standard which is being applied by the Government is one, and as far as the private parties are concerned, the *attitude* and approach to PSUs is a different one. Further, the Government is not having the political will to realise those Rs. 82,000 crores which are in arrears. Does the Government have the political will to realise the arrears? While the Government is attacking the PSUs, while it is disinvesting, at the same time, the Government is not having the political will to realise the arrears due to the Government. What prevents it from taking action against the Hindustans and others, the corporate industries? Their taxes arrears run into crores of rupees. The Government has no stringent measures, no strict, effective, mechanism, to realise those amounts. Its strict and stringent attitude and approach is only towards the public sector undertakings. So, Sir, it is lacking *bona fides*. The approach of the Government is lacking *bona fides*. I would like to make that allegation.

Now, I refer to the public sector policy. Sir, what is the philosophy behind the public sector? Especially in a country like India, which is a multilingual country, a multi-religious country; what has been the role of these public sector undertakings during the last five decades? Our economic growth, our industrial growth, has been encouraged by the public sector undertakings. No one can dispute it. Now, due to several reasons—we are all responsible, if we try to admit—due to many reasons, it has come to a special circumstance. It is in a difficulty. How do we get over the difficulty? We are not thinking of getting over the defects and handicaps of the PSUs. We are straightaway going to cut off the entire public sector undertakings. That is the policy initiated by the Government.

As far as the sustainable development throughout the country is concerned, we can never ignore the role played by the public sector undertakings, during the last five decades, in achieving industrial development and economic growth. Sir, I would also like to submit that this is a national asset and a national wealth of the country. The national asset of the country, the national wealth of the country, is being sold out. It is an outright sale of these PSUs. Whatever be the assets, nothing is being considered. It is an outright sale. The Minister has very vehemently argued for the outright sale. When the national asset of the country is sold out, it means the State is being sold out. There is no doubt about it. Panditji declared PSUs are the jewels of the nation. So, the jewels of the

nation are sold out at a cheaper price. This is what is going on. In the last five decades, i.e. 50 years, we have developed these industries, these public sector undertakings. Now, they are put in a reverse gear! Sir, I would like to cite a story in Malayalam.

There is an intelligent man. Naranathu Bhuranthan. He was rolling a huge rock and it was brought to the peak of the mountain. The next morning, *when it reached the peak of the mountain, it would be rolled down, it would be pushed back to the foot of the mountain.* It is not in favour of the national interest, it is not in favour of the working class, and it is not in favour of our national economy. Sir, what is the cardinal principle behind this disinvestment, behind this privatisation? I understand, the supreme aim and objective is to obtain maximum efficiency. That is, maximum efficiency can be achieved only through competition. So, the policy of the Government is that success can be achieved only through competition, and only those companies or those units which are able to survive through competition will be successful. So, "success through competition" and "survival only through competition", that is the policy of the Government. This is an era of genetic engineering, the latest technology. Whether a developing country like India, having a hundred crore population and 43 per cent of the people belonging to the BPL, would be able to compete with the most modern technology, whether it would be able to survive and achieve success, is the pertinent *question to be considered* by the Government. "We have no other option but to opt for disinvestment*--that cannot be the answer. If we are having headache, is it a solution to cut off his head? I don't think so. So, I would like to say that if the public sector undertakings which are making profits are sold out, if they are also disinvested—I am saying, for philosophical reasons, even when no budgetary support is required, no financial assistance is required, nothing is required, these 127 PSUs which are making profits are also sold out--that shows the intention of the Government, the motive of the Government. That is lacking *bona fides*; there is no doubt. Our industrial sector, the public sector, the national network is: 237 PSUs with Rs.2,30,140 crores of investment and 2 million employment. What is the National Exchequer's contribution? It is Rs.46,925 crores in the years 1998-99!

I would like to know whether it can be ignored. If the industrial network is running on loss, the country's economy will be affected. The handicaps of the PSUs have also been stated by the hon. Minister. Poor project management skill, lack of upgradation of technology, inadequate attention to R & D, low priority given to HRD and overstating were the five

reasons, which were mentioned, for the productivity coming down and, as a result, they had become non-viable units. This is the reason or the logic for privatisation or disinvestment. Is it proper? I would like to know whether we are able to upgrade our technology, whether we are able to upgrade our professional skill. What is the Government doing as regards the workers, the two million employees, of the CPSUs? What about *the* professionals? There are so many engineers having professional skills and other executives. There also the same problem is existing. As far as the Government is concerned, there is no clear-cut vision as regards these problems. The New Industrial Policy Statement of 1991 also states that it is to improve the efficiency of the public sector undertakings. How do you improve the public sector undertakings? You improve them by disinvesting. If there is no public sector undertaking, how can you improve the quality or the efficiency of an undertaking? It is a part and parcel of the globalised liberal economy which is being pursued, which is being dictated by the financial institutions of the world like the IMF and other organisations like the WTO. This Government, our national Government of the country, *is* also moving *on* the same path which is adversely affecting the interests of the workers and the taxpayers of the country. As far as the valuation of the assets is concerned, huge investments have been made in the last five decades. Last Monday also I raised a supplementary question regarding the Modern Food Industry, which is situated in Kerala. I know personally that this is a company which is having assets worth more than Rs. 1,000 crores. But it is being sold for Rs. 106 crores. Whose money is it? Whose wealth is it?

THE VICE-CHAIRMAN (SHRI MD. SAUM): You have to conclude now.

SHRI N.K. PREMACHANDRAN: I am concluding, Sir. It is the wealth of the nation. It is the asset of the country. It is also the asset of the taxpayers. But *it is being* sold for Rs. 106 crores. The NTC mills are being referred to the BIFR. I know about one mill. I am a trade union organizer of one Parvathi Mill in *QuHon*. *it* has got 13.16 acres of land. It is going to be sold merely for Rs.80 lakhs. It is also a national asset of the country, which is being sold at a cheaper price. Will *it not* affect the national economy? Will it not affect the interests of the people of the country? The Disinvestment Policy pursued by the Government is not *in favour of our* national interest and our national economy. Therefore, I would like to submit before the House, let the Government come out with a White

Paper, stating the industries which are going to be disinvested and which are going to be included in the strategic and non-strategic sectors, and all these things. Let the Government come with a White Paper and let us discuss all these things in the House. Till that time, let this Disinvestment Policy be stalled. With these words, I conclude. Thank you.

श्री गांधी आज़ाद (उत्तर प्रदेश): महोदय, यह एक बहुत ही गंभीर विषय है। इसकी गंभीरता को ध्यान में रखते हुए मैं इस सदन का ध्यान सन् 1947-48 की ओर आकृष्ट करना चाहूंगा। 1947-48 में इस देश की औद्योगिक स्थिति नगण्य थी और केवल एक या दो कारखाने केवल कृषि पर आधारित थे। 1990 में यह बढ़कर 99.315 करोड़ हो गई और 1989-90 में इस पूंजी पर 4.48 प्रतिशत का लाभ हुआ। आज सार्वजनिक क्षेत्र में कुल 235 उद्यम कार्यरत हैं जिनमें आठ लाख बारह हजार लोग कार्य कर रहे हैं। इन उद्यमों में 1998-99 तक 23 खरब रुपया लगा है। और 1998-99 में 19743 करोड़ रुपए का लाभ भी हुआ। आज हम विश्व के दस सबसे बड़े औद्योगिक देशों में एक देश माने जाते हैं। हम आज देश में सेफ्टी पिन से लेकर सुपर सोनिक जहाज तक बना रहे हैं। इतने कम समय में हम बड़ी से बड़ी और छोटी से छोटी चीज का निर्माण अपने देश में कर रहे हैं। हमारे देश में के साथ जो देश स्वतंत्र हुए थे वे इतनी बड़ी औद्योगिक उपलब्धियां हासिल नहीं कर पाए हैं। लेकिन आज जो ये सारी उपलब्धियां हमने हासिल की हैं यह हमारे सारे उपक्रमों की उद्यमों की देन है। यह निवेश की देन है, न कि विनिवेश की। आज सार्वजनिक क्षेत्र के उद्योगों को नकारना या उनके प्रति उदासीन रहना उचित नहीं है। सार्वजनिक क्षेत्र के कुल 235 उद्योगों में से सौ से अधिक घाटे पर चल रहे हैं। लेकिन वहीं पर सौ से अधिक जो उद्यम हैं वे लाभ भी अर्जित कर रहे हैं। रूग्ण उद्योगों में विधुत, सड़क यातायात, सूती वस्त्र, उर्वरक, इंजीनियरिंग से संबंधित उद्यम हैं। लेकिन हमें यह भी देखना चाहिए कि आज एनटीपीसी विश्व की दूसरी सबसे बड़ी संस्था के रूप में उभर रही है और सौ से अधिक संस्थायें लाभ भी अर्जित कर रही हैं। इसलिए हमारा अनुरोध केंद्र और राज्य सरकारों से है कि उन्हें रूग्णता का कारण, बीमारी का कारण पता लगाना चाहिए और पता लगाकर उसका निराकरण करना चाहिए। ऐसी परिपाटी नहीं पनपानी चाहिए कि मलेरिया में टीबी की दवा और टीबी में मलेरिया की दवा दी जाए। इस तरह की परिपाटी नहीं उजागर होनी चाहिए। इस बात का पता लगाया जाना चाहिए कि किन कारणों से यह रूग्णता पैदा हो रही है। इसके पीछे प्रशासनिक कारण हैं या राजनीतिक कारण हैं या कार्यशील पूंजी का अभाव है या इसमें प्रबंधन की कमी है, या मजदूरों की हड़ताल और नारेबाजी के कारण यह हो रहा है या अत्यधिक अधिकारियों और कर्मचारियों की संख्या के कारण यह हो रहा है या फिर पुरानी मशीनों के कारण, घिसी पिटी मशीनों के कारण यह हो रहा है, इसका पता लगाकर और उन कारणों का निवारण करने से ही काम बनने वाला है। सरकारी खर्चों में कटौती करके अनावश्यक व्यय पर पाबंदियां लगाकर धन की व्यवस्था करनी चाहिए न कि विनिवेश मात्र से इस समस्या का समाधान किया जा सकता है। महोदय, मैं आपके माध्यम से सदन को याद दिलाना चाहता हूं कि पंडित जवाहर लाल नेहरू जब इस देश के प्रधानमंत्री थे, श्रीमती इंदिरा गांधी प्रधानमंत्री थीं तो उस समय तक विनिवेश का कोई राजनैतिक नेता नाम तक भी नहीं लेता था क्योंकि वह सम-सामयिक नहीं था। लेकिन आज मुझे बहुत खेद के साथ कहना पड़ता है कि आज स्वदेशी का राग अलापने वाले लोग भी विदेशी कंपनियों का स्वागत करने के लिए आतुर हैं। महोदय, इस दिशा में विनिवेश दोष मुक्त

योजना नहीं है। इसलिए अंधाधुंध विनिवेश करना उचित नहीं है। यह नीति जुलाई 1991 से आरंभ हुई और 1991 से 31.1.2000 तक विनिवेश का लक्ष्य 444300 करोड़ रुपया रहा है और इसके अंग्रेस्ट 18394 करोड़ रुपया प्राप्त हुआ है। विनिवेश मनमाने ढंग से नहीं किया जाना चाहिए क्योंकि इसमें अनेक प्रकार के दोष भी हैं। जैसे विनिवेश करने से निजीकरण को बढ़ावा मिलेगा, एकाधिकार को बढ़ावा मिलेगा और पूंजीवाद को भी बढ़ावा मिलेगा, कर्मचारियों की छटनी होगी, कर्मचारियों का शोषण होगा, भ्रष्टाचार को भी बढ़ावा मिलेगा, कमीशनखोरी एवं मुनाफाखोरी को भी बढ़ावा मिलेगा। खास तौर से रोजगार में जो एस.सी और एस.टी कर्मचारी हैं निजीकरण होने के नाते उनको आरक्षण का लाभ नहीं मिलेगा। सब से ज्यादा कुठाराघात जो है वह अनुसूचित जाति और अनुसूचित जनजाति के कर्मचारियों के साथ होगा और उनके साथ यह एक बहुत बड़ा अन्याय होगा। सरकार एक व्यक्ति की भांति काम नहीं करती है और एक पूंजीपति की भांति काम नहीं करती है। इसका उद्देश्य केवल लाभ अर्जित करना नहीं है। सरकार का लक्ष्य केवल लाभ हानि ही नहीं बल्कि देशहित, लोकहित, जनहित है। इसलिए रूग्ण सार्वजनिक औद्योगिक इकाइयों की दयनीय आर्थिक स्थिति का समाधान उन्हें बंद करने में नहीं, विनिवेश में नहीं बल्कि उन्हें पुनर्जीवित करने में ढूंढना चाहिये जिससे उद्योगों में कार्यरत कर्मचारियों के साथ साथ देशहित हो सके और देश का सम्मान पूरी दुनिया में हो सके। धन्यवाद।

श्री आर.एन. आर्य (उत्तर प्रदेश): मंत्री जी से मैं चाहूंगा कि जो रिजर्वेशन का सवाल आया है इस विनिवेश पॉलिसी में, जो रिजर्वेशन 50 साल में अभी तक अनुसूचित जाति-जनजाति को मिला है, उसको जारी रखने की श्योरिटी दी जाएगी?(व्यवधान)।

उपसभाध्यक्ष (श्री मोहम्मद सलीम): मंत्री जी जब जवाब देंगे तब बताएंगे।

THE VICE-CHAIRMAN (SHRI MD.SAUM): Shri Ramachandra Khuntia, please finish your speech in two-three minutes as your party has exhausted its time.

SHRI RAMACHANDRA KHUNTIA (Orissa): Mr. Vice-Chairman. Sir, I wish to say only two or three points. The question is that the Government is now going in for disinvestment. While we are discussing about disinvestment, we are talking about the sick industries which we are planning to disinvest. But while thinking so, my question is whether or not the Government should think seriously as to *why these* public sector units are sick today and who the persons responsible for this are. When it is the property of the nation which has become sick, should not the Government find out as to who are the persons responsible for making the public sector units sick? And should not the Government propose to take action against them? Sir, I quote from the Working Papers circulated by the Labour Ministry where it has been said: 'The Committee of Experts on Industrial Sickness has held that the single factor most responsible for industrial sickness is the management itself. This could be in the form of poor production management, poor labour management, poor resource

5.00 P.M.

management, lack of professionalism with the management or even dishonest management. The BIFR also recognised the role of poor management in the following words." Secondly, the Report of the Central Vigilance Commission brought out recently also pointed out the phenomenon of corruption as a result of protection given to the management under the existing provisions of SICCA, 1985. My question is: If the BIFR gives a report like this, if the Central Vigilance" Commission itself has come out with such a report, after all, who is' the management? The management is the top brokers in the country who are managing the corporation. It is the top professionals and engineers who are managing the corporations. How many engineers and how many IAS officers have been put under suspension for mismanagement of public sector units? Who is responsible? It is not the labour. Labour is not a part of the management. When that being the case, in many cases, these very persons who are responsible for the sickness of these corporations, are getting credit and they are even getting extension of their terms. My question is: Would the Government have the guts to inquire into the cause of the sickness and take action before disinvesting any corporation?

Secondly, I want to say that the Prime Minister had stated at the ILO conference that he sought the support of labour for the success of the reforms. The Prime Minister seeks support from labour which constitutes one-third of the total population of the country. It is now around 40 crores. But the PM doesn't want the advice of the labour force which is thirty crore in number. For making the reform process a success, the Prime Minister took the advice of a committee which had industrialists and experts from other walks of life. But the Prime Minister never thought of constituting a committee which had labour representatives. I fully agree with what Mr. Dipankar Mukherjee was telling us yesterday; he has moved a privilege motion also. Where has the Prime Minister talked 22 times? I am the National Vice-President of the INTUC. I do not know whether the Prime Minister has at any time called the representatives of national trade unions to discuss this. Rather, when Dr. Manmohan Singh had initiated this economic policy, a special tripartite committee was constituted to inquire into and examine the condition of sick industries of the country and this committee had representatives of management, Government, employers and employees. That committee is not functioning now. So, I do not think the Government is sincere in pursuing these economic reforms. If the

Government is really sincere about the sick industries, it should consult the trade union representatives, the national centres and the labourers who are very much affected by disinvestment and by this labour policy.

THE VICE-CHAIRMAN (SHRI MD. SALIM): Please conclude now.

SHRI RAMACHANDRA KHUNTIA: One more point, Sir. This is about the industries which are being considered for disinvestment. Paradeep Phosphates belongs to On'ssa. I just want to give one example. In 1997-98, Paradeep Phosphates was producing 110% of its installed capacity. In 1998-99, Paradeep Phosphates was producing 109% of its installed capacity, *in* 1999-2000, the factory was closed for two months, but, in spite of the closure for two months, the factory produced 105% of its installed capacity and for Paradeep Phosphates a proposal for its restructuring was under consideration for the last five years. Now, the Government says, we can also waive off the interest, make an assessment whether the Paradeep Phosphates can be privatised or it can be sold to a private company. So, the question arises, which industries does this Government want to privatise? My specific question to the Government is this. Is this disinvestment in the interest of the working class? Is it in the interest of the general public? Is it in the interest of the Government? Or *is it in* the interest of the multinationals, transnational corporations -and a handful of persons who are in the Government who *are* interested in selling off the property of this country? Sir, I want to make another point. They are saying that this money will be spent for the welfare of the general public, the poor. The money which you are giving for the poverty alleviation programme, the money which you are giving for PMRY, the money which you are giving for other poverty alleviation programmes and for development of the rural poor, is it being used properly? Is it not being misutilised? It had been stated by no less a person than the Prime Minister, late Shri Rajiv Gandhi, himself and many other people also that 70 per cent of the money which is given for rural development is misutilised. Now, will the money that we will again be giving for poverty alleviation programmes be utilised properly? Sir. I want to say that this type of disinvestment policy which this Government is following is not in the interest of the workers; it is not in the interest of the general public. So, this type of disinvestment will not be possible in our country. We have a labour force of 30 crore in our *country*. Whatever we may do - whether it is disinvestment, liberalisation, reforms or whatever — we have to keep the interest of the general public and the working class as a whole in our mind.

and without this we cannot succeed. So, I want to make an appeal to this Government. While taking the decision of disinvestment, the Government should also consult the representatives of central trade unions and they should also keep their interests in mind so that a balance could be maintained and that policy could be implemented. If it is not so, then I can assure you, Sir, the whole labour population, which constitutes one-third of the total population, that is, forty crores, will not remain silent; it will agitate and we will also oppose the policy of this Government tooth and nail.

THE VICE-CHAIRMAN (SHRI MD. SALIM): Now, I have to take the sense of the House. We have been discussing since 27* July the subject of disinvestment. A very important discussion has taken place. The discussion is over and the Minister is here to reply. If you cooperate, we can sit a little longer so that the Minister can reply today itself.

SHRI S. VIDUTHALAI VIRUMBI: Sir, we will cooperate. We want to finish it today itself.

SHRI ARUN JAITLEY: What about the rest of the agenda items?

THE VICE-CHAIRMAN (SHRI MD. SAUM): This will be the last item for today. But, before the Minister replies...

SHRI PREM CHAND GUPTA (Bihar): Sir, I will take just five minutes.

THE VICE-CHAIRMAN (SHRI MD. SALIM): Okay; not more than five minutes. Earlier you were not here. You have come late. The time allotted to your party is exhausted. Your name is there, but the time is not there. Yes Mr. Prem Chand Gupta.

SHRI PREM CHAND GUPTA: Mr. Vice-Chairman, Sir, thank you very much for giving me this opportunity to speak on this issue. Sir, you are aware that at the time of Independence, the industrial base and the infrastructure in our country was very poor. At that time, our national planners decided to pursue the model of PSUs. Accordingly, the PSUs, in close cooperation with the private sector, put the nation on the industrial map and also contributed to the creation of infrastructure in the country.

Sir, over a period of time, because of interference from the Central Government, poor management skill, vested interests and various other factors, our PSUs started incurring losses. Sir, disinvestment is an on-going process. The nation has invested 240 billion rupees in these PSUs. Half of

these PSUs are incurring heavy losses; but some of them are making profits also. Sir, it does not mean that as these PSUs are incurring losses, they should be dumped the way it is being done now. Various factors should be taken into account. What are the roles of those PSUs and what are the sentiments, national and regional, involved with them?

Mr. Vice-Chairman, Sir, you would appreciate that disinvestment in % company like Air India and Indian Airlines would not be in the interest of the country. Shri Sanjay Nirupam just now stated that global advisers have been appointed for disinvestment of Air India. It is unfortunate that some company from outside decides about the future of our assets, the valuation of our assets. That is very unfortunate. I would like to add one more thing to it. The payment to the global adviser would be made on a step-by-step basis. Even if the Government withdraws today, they get their money. The kind of agreement which has been entered into is not a desirable agreement. ...*(Interruptions)*...

Sir, Air India is our national flag carrier. It represents our heritage, our culture, abroad. It is our ambassador abroad, and we are seeking some foreign investors for this company! Is it not a matter of shame *for* all of us? At the time of the Gulf War, lakhs of Indian residents were airlifted by Air India and Indian Airlines. At the time of the Kargil conflict, Indian Airlines carried not only soldiers, but ammunition and other supplies to the border areas. If disinvestment is done in these two companies, do you think the foreign investors, *after* having purchased majority of the shares of these companies, would be able to fulfil these obligations? Nowhere in the world, Mr. Vice-Chairman, Sir. Why can't we adopt the Korean *or* the Taiwanese technology or method of management? When Taiwan and Korea were still developing, when they had nothing to do, they sought Japanese technology and managerial skills and they established their own big corporations. Our companies also have been doing exceedingly well. Take for example, the HMT. The HMT, *at* one time, was a symbol of quality. Mr. Vice-Chairman, Sir, the same thing can be maintained today. Our PSUs were not allowed to function independently. There was a lot of interference and that is why, gradually, these PSUs started losing their existence in the market.

Mr. Vice-Chairman, Sir, the HMT, at one time, was a 'reputed manufacturer and supplier of high-quality equipment world over. Take toe BHEL. I do not see any reason for disinvestment of BHEL.

Mr. Vice-Chairman, Sir, the Eighth Disinvestment Commission submitted a report in which they recommended disinvestment of Air India.

They had also suggested that if Rs. 1,000 crores was pumped into Air India, the equity base could be increased and the losses reduced. It is unfortunate that the Government decided to ignore this part and decided to sell the equity in Air India.

Mr. Vice-Chairman, Sir, if you can provide 3 lakh telephone connections to the employees of the Ministry of Communications just by one stroke of the pen at a cost of Rs. 1,200 crores, why can't you provide Rs* 1,000 crores to Air India? In the case of Indian Airlines, only about Rs. 500 crores were to be provided, as per an expert committee appointed by the Government of India.

Mr. Vice-Chairman, Sir, the whole concept is misconceived. On behalf of my party, I have a submission to make. I would like to make it very clear that the whole policy is misconceived. There must be a comprehensive thought given to the disinvestment policy. All the parties should be taken into confidence and we should give a chance to our existing PSUs, giving them a time-bound programme of, say, 2 or 3 years. If they do not improve, then you have no other way except to go for disinvestment.

I would submit that the workers' interests should also be protected.

Thank you.

THE MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE): Thank you, Mr. Vice-Chairman, Sir. Everybody would agree that we have had a most educative and constructive debate. The fact that there are different points of views like the one expressed* by Sanjay and from all sides show the great concern everybody has on the issue. It is an important issue and it is really a good sign that people have given unexpected arguments from different sides, it has not been a partisan debate in which people oppose just for the sake of opposing. M&. Virumbi's speech was a model of that. Sanjay sits on this side but he gave" a>speech--and I heard it for the first time- that was being applauded from the middle benches. That is a sign of the maturity of this House and a sign also of the importance that we ail attach to the subject. I am sure the entire Government shares both the concerns.

The second point is, many very wise suggestions have been made by Shri Pranab Mukherjee, by Mr. R.P. Goenka, and Mr. Virumbi made many important suggestions. Mr. Ramachandraiah and everybody else have

given very constructive suggestions. I should certainly make sure that the Committee on Disinvestment, presided over by the Prime Minister himself, gets to know each one of these constructive suggestions and the wise counsel which has been given about the caution that must be observed and the care that must be taken >n evaluation of assets and other things.

Sir, there is no dispute about and I do not know why we get so anxious to convince each other about the important role that the public sector has played in the past- Also there is no dispute, as Shri Pranab Mukherjee pointed out, that in tomorrow's India, the public sector will play an important part, as you mentioned. Sir, in infrastructure investment. Sometimes it will play *an* important part even in areas in which we will liberalise, in the laying of fibre optic cables. There are proposals of railways, there are proposals of roads, there are proposals of my friend Kumarmangalam that power transmission use should also be used by fibre optical. All these are being considered even as other parties *are* being invited, even as the State Governments are going ahead in inviting private sector firms for laying the same fibre optic cables. It is a new India we are proceeding to. There is no doubt, as mentioned by Shri Pranab Mukherjee, that the public sector will continue to play an important part in this new era. On these points, I do not think, we have to go on pushing an open door. The third point that Shri *Pranab* Mukherjee made and which was reflected in all the subsequent speeches which have been made is that we should not proceed in this matter with any dogmatism that we just have to do it or that we just have *not to* do it. It is being conceded on all sides that *there are* certain areas from which it is good time for the public sector to withdraw because the private sector has become important because it has gained sinews and muscles to carry these activities forward. I would urge that the points that my friend and brother Arun Jaitley was making were not in a spirit of .contention. Shri Dipankar Mukherjee made a very important suggestion. He said, "You cannot just go *on* saying that this is_k the policy of the past and we are merely continuing *it* You must justify it as of now." It is in that spirit, Sir, what Arun Jaitley was reminding us of *is to be seen*, that is, that this policy started in the interim Budget of Mr. Chandrashekhar's Government and whicfr *was earned* forward in many respects enlarged, widened by the Congress (I)'s Budgets, incorporated by the United Front Government in its Common Minimum Programme, expanded, built upon, that a Disinvestment Commission w[^]s put in place, and 72 cases were referred to the Disinvestment Commission, mosfof them were profit making undertakings. This is not to find fault with anybody. — It

is not to suggest, as Mr. Mukherjee wants us not to say, that we are merely taking a defence or trying to cover up what we are doing just by pleading that *it is a continuation* of a past policy. I would plead with the House and suggest to the House that actually there has been an evolution of this policy. It has been an evolution based on the experience *gained by* each step taken by the successive Governments. I will mention only three or four points, exactly the points that Mr. Kapil Sibal was alerting us to. The first point *is about* the proportion which would be disinvested. It has gone on increasing. The second, I think the main focus that has changed is that these minority shares that used *to* be sold three per cent or five per cent or eight per cent, they were not yielding any one of these objectives. Arun was right in saying that if you look at any period in the last ten years when disinvestment was being done merely to *fill up* the fiscal gap, it was that period of setting three per cent or five per cent or ten per cent because it *was* not yielding the changes in the *management* practices.

It was yielding no change in the work culture. It was not yielding any change in the performances. I will show you my figures of net losses, of accumulated losses in a single firm in which disinvestment was taking place. *In* fact, Sir, if there were inventive journalists and they looked at the shares which were off-loaded to financial institutions -- and if you compare the values at which *the shares were given* and contrasted them with the values at which *those* financial institutions ultimately were forced to sell them in the market - you will see that very substantial losses were incurred, it was because the expectations had been built up at that time with financial institutions, of course being linked to the Government's bidding at some *instance*, as Mr. Pranab Mukherjee knows. But eventually, the expectation was, 'you go in, they are going to be privatised, management will change, work culture will change'. Already, Government is saying, 'buy at this value.' We have valued the shares; we will purchase them at that value. But when it became clear that the Government would stop at that trickle of disinvestment, the share value fell. I can circulate at any time, the table of the value of each share and the values that were prevailing in the market subsequently. That is the comment *on the failure of that* policy to achieve any one of those objectives. Compared to the deficits into which the country was going, Rs. 18,000 crores was neither here nor there, as Mr. Pranab Mukherjee very rightly said. But even more important is, we were just passing off the losses from one place to another place, which was also public money of the financial institutions of the Government. Now, Sir, therefore, *the* changes that took place, took place entirely because of this

kind of experience. I do not want to quarrel with anybody but all these points that have been made on *evaluation* are very important points. I will show you in the case of Modern Foods and in all the disinvestments, which have been planned now. These points have been kept in mind. They have given specific instructions to the advisers against whom umbrage has been taken. But, more important I want to suggest is, please don't take it as a quarrel or criticism of anybody as to whose minority shares were sold; none of those valuations that you are pleading for and urging so strongly was done by anybody. The financial institutions valued the shares, maybe they adopted two or three methods, probably they did adopt those two or three methods but none of the scrutiny that you want done was gone through. Sir, Mr. Kapil Sibal asked a very important question. He said, you set up a body of experts in the Disinvestment Commission, then why you don't value their advice. I will come to that. In each of the four instances which have been given, including BHEL which has just now been mentioned, what did the body of experts say on each one of those? You have mentioned IPCL, you have mentioned Air India, Shri Dipankar Mukherjee mentioned National Fertilizers. I will come to the basic point which the Disinvestment Commission had made. They had warned against these minority sales and they had recommended strategic sales in 37 companies and they said in the small shares that you are going to disinvest you should confine them to five companies. What is the actual record? It is exactly the opposite. Strategic sale was only in one company and that also is complete now, Modern Food and minority sales is in 39 companies. So, Mr. Sibal's question is a very important question that when you set up a body of experts, why you don't follow their advice.

SHRI KAPIL SIBAL: Is the body still alive?

SHRI ARUN SHOURIE: Yes, indeed.

SHRI KAPIL SIBAL: I rang up their office, they said, 'Sir, we have the staff but we have *no work*.' I just want to find out from you.

SHRI ARUN SHOURIE: I will certainly come to that. You made a very important suggestion that the body is not functioning since November. I can come to that later but if you want the short point now, it is this.

SHRI KAPIL SIBAL: You can mention it at your time.

SHRI ARUN SHOURIE: Okay. Another very important question was raised. Mr. Ramachandraiah has said, "Why do you announce a target

each time when you are not able to fulfil it? But, because you have announced a target of Rs. 10,000 crores, the problem becomes that the prospective partner knows that you are bound to go there. He can, therefore, beat you down in price." Sir, actually, the Government is in no hurry to do it. But, I would submit, the thrust of all the speeches in this House, including the important interventions which have been made when Mr. Arun Jaitley was speaking, is that these things cannot be done by and should not be done by stealth. The Government has an open policy. The successive Governments have had an open policy on this and so does this Government. That policy has several items and one of the items in that " policy - I will narrate four or five important items - is this. One of the items is: The firms, which can be restructured, which can be revived, either on the advice of the BIFR or on the advice of the Disinvestment Commission, must be revived. That is the first priority. } will tell you, at this time, as we talk, there are fourteen companies on which this revival work is going on. Mr. Arun Jaitley has given the example of the SAIL. That revival package is to the tune of Rs. 8,500 crores. It is really something to be examined as to why the SAIL has come to this sorry pass, t am not, at the moment, on that point. Nor on what experts have said about it. But, I am on the exact point raised by the very distinguished Members. The question they were asking was, "Why are you not making a first hand effort to revive them?" Actually, that effort is going on. You have rightly mentioned that the HWT was one of the leaders of technology. But, its light has become dim; not in the last year but over the years. Today, we have to meet a financial package for it in which there is a fresh infusion of Rs. 265 crores and the total package is Rs. 1,000 crores. It is not a small amount. Somebody was saying, when Mr. Arun Jaitley was speaking, "Give us a list." There are 12 other firms. Mr. Manohar Joshi is one of the persons who have turned institutions around. We know that from Maharashtra. Now, he is determined to do this in his own Ministry. It is under his guidance, on his initiative that, at the moment, under him, an attempt is being made to revive the 12 firms. In.those, the fresh infusion of funds is about Rs. 638 crores. If you take write-off of the Government loans, conversion of loans into equity, Government guarantees, etc., the total package for these 12 firms comes to Rs. 3,324 crores.

SHRI JIBON ROY: All are on paper.

SHRI ARUN SHOURIE; Just one second ...*(Interruptions)*... I am first on the point...*(Interruptions)*...That is not true ...*interruptions*)... I can give you the figures...*(Intenvptions)*...

THE VICE-CHAIRMAN (SHRI MD. SALIM): Please, let the Minister complete.

SHRI ARUN SHOURIE: The second point is this. It is also an important point. I will come to this very important point why one must close down the firms that cannot be revived. There is no hiding the fact on that. There is no escape from that fact.

The third point is, classification has been made of the public sector units into strategic and non-strategic units. The distinguished Members asked, 'You are doing this in private. Here, it is not known.' Actually, this is a guideline that has been published by the Government on the 16th March, 1999. It is a classification between strategic and non-strategic units. It is a public document. It has been published *in all* the newspapers *at* that time. In that, it has been said that strategic enterprises shall have three items - arms and ammunition and allied items of defence equipment, aircraft and warships i.e., defence-related industries.

The second point is an important point which Shri Ramoowalia was making. The point was about the sovereignty of the country and the need for security. It has been taken care of in the first point itself. The second one is atomic energy as well as *related* things. For instance, minerals that are required for atomic energy.

Third is the railway transport. One of the considerations is certainly security and the need for movement of troops, ammunitions and armours during the time of war. In the non-strategic cases, it has been said that a clear guideline, published by the Government, said, "In the generality of cases - as Mr. Yashwant Sinha said in his Budget Speech -- the *Government's* share would be brought down up to 26 per cent or below.' But two points will be kept in mind. Those two points have a bearing, as it was said, for instance, the case of IPCL was mentioned, "Market dominance will come, if you give it to any of the private bidders." Sir, in that it has been said that disinvestment would be subject to two considerations — one, whether the industrial sector requires the presence of the public sector as a countervailing force to prevent concentration of powers in private hands. In every instance, in every case — which will be taken up - this will be one of the two considerations. Even though there will be *generality of cases*; that is a general policy. It will be limited by this point; second, whether the industrial sector requires a proper regulatory mechanism to protect the consumers' interests if the public sector's presence becomes less dominant in that sphere. Both of these considerations will be kept in mind.

...(Interruptions)... Yes, I will come to Air India. Please give me time. I hope I will be able to satisfy you. Not even a single point will be left. Certainly the case of Air India would not be left. This point had been raised by my very dear friend Sanjay Nirupam, and by many other hon. Members. Shri Pranab Mukherjee made a very emotional point about it, about our *maharaja*, and how we have been attached to it for a very long time. Sir, I would plead with you for a few minutes because a lot of figures have been bandied about. In some cases, I notice that the decimal point has wrongly been placed. For instance, the dividends for the last year have been put as 49.320 crores, while the figure is closer to 4,932 crores. So, let me just give you three, four figures. Please do not take this as a point of dogma. When many of my friends, on the other side, used to be great champions of socialism in the mid 60s, I was writing my doctoral thesis on the need for these things and the liberalisation that will be necessary for India. Sir, we just see the pattern of figures. Mr. Dipankar Mukherjee and many other friends mentioned that out of the 240 enterprises, 120 or so are making profits. Actually there is an illusion in that. The figure is like this, if you take these manufacturing enterprises, the rate of return, profits after tax, as a proportion of net sales, it is 5.28 per cent. Just remember the figures because that is a very important lemma that follows from them. If you take out petroleum, because the point was that where the Government has a monopoly, in general, or such over-whelming market dominance, you will find that profits have been made because prices are administered and consumers do not have recourse. In fact, there is high cost of production in public sector enterprises -- as in steel. We have given inconsolable margins to private sector firms, which are operating in those areas. But, - at this moment, I am not on that point. The first point is, if you take these manufacturing firms of the public sector, the rate of return, profits after tax over net sales, it is 5.28 per cent, if you take out petroleum. And in petroleum all monopolies, even in distribution, will come to an end in March, 2002, that is, less than two years from now. That figure drops to 3.08 per cent.

SHRI DIPANKAR MUKHERJEE: What is that 5.28 per cent?

SHRI ARUN SHOURIE : That is all non-service public sector enterprises, that means, all manufacturing units. The figures for the service sector are much worse. I am, therefore, excluding it. But the figure 240 and the figure 127 deal with the manufacturing sector.(Interruptions)...

SHRI DIPANKAR MUKHERJEE: I had asked it in writing. I had addressed a letter saying and specifically challenging this figure given by the

Annual Public Enterprises Survey. I had asked it 17 days back that in the form in which this analysis has come, give all the private sector figures, let it come as a white paper and let it be put before Parliament and let us analyse the sector-wise performance of the public sector and the private sector. Otherwise, if I give some figures, you give some figures, we shall not get any results. My speech will not go to the press. Yesterday, it was censored. But your speech will go. That is not fair. Let us have the figures here. Let us go sector-wise. This is the challenge which I offered to you 15 days back.

SHRI ARUN SHOURIE: Sir, I will answer your question. ...*(Interruptions)*... May I just mention one small thing? ...*(Interruptions)*... Mr. Ram Naik says that there is no censor. ? ...*(Interruptions)*... May I facilitate the work of the House, on Mr. Dipankar Mukherjee's suggestion that a good analysis of these is contained in a report submitted to the Ministry of Industries in March 2000 by the National Council of Applied Economic Research. A study has been done and it is on the public sector, before and after reforms, in which you will find many of these important figures? ...*(Interruptions)*...

THE VICE-CHAIRMAN (SHRI MD. SALIM): Mr. Jibon Roy, please. ...*(Interruptions)*...

SHRI ARUN SHOURIE: Let me continue. ...*(Interruptions)*...

SHRI DIPANKAR MUKHERJEE: They don't quote their own figures. ...*(Interruptions)*... Why should I go to some other agency for getting the figures? ...*(Interruptions)*... They have their Annual Public Enterprise Survey. ...*(Interruptions)*...

SHRI ARUN SHOURIE: I will come to that particular thing and you will see the startling figure that you have missed? ...*(Interruptions)*... If you take away ? ...*(Interruptions)*...

SHRI S. VIDUTHALAI VIRUMBI: Let the Minister reply first, then, if there are any doubts, they can raise it afterwards ...*(Interruptions)*...

THE VICE-CHAIRMAN (SHRI MD. SALIM): Mr. Roy, there cannot be a running commentary like this. {*Interruptions*}

SHRI ARUN SHOURIE: Sir, I will confine myself purely to the ...*(Interruptions)*... If you take away petroleum, that figure falls to 3.1. If you further take away power -- again on it there has been a monopoly, rates have been set, as you know how they have been set -- that figure

talis to minus .12. If you take away the other sector, all those minerals in which Government has a monopoly, it goes to minus 3.9. *(interruptions)*

THE VICE-CHAIRMAN(SHRI MD. SALIM): Please, Mr. Roy. *...(interruptions)....*

SHRI ARUN SHOURIE: This minus 3.9 is to be compared to the fact, as the Government's deficit as Mr. Virumbi was just reminding us, that when the Government is paying not on just borrowings, but on interest Rs. 1,20,000 crores, the Government borrows at 12 to 14 per interest. Even if Rs. 2,500 crores are obtained as dividend and the Government is spending on the fresh borrowing Rs. 10,000 crores, as it is doing, it is certainly, Sir, one way only to bankrupt the Government. It is not a way to save any jobs. It is not a way to save any further advance. There are several figures that I can give on this and the figures for servicing public sector undertakings is even worse. To illustrate the point that you have just mentioned; whether you feel that this is the way even to save jobs, I would say that in the National Textile Corporation, just now we were told that it is the second largest corporation in the world. Sir, there are 119 mills. Just remember the figure. I am not prescribing a solution. Very senior Ministers like Mr. Manohar Joshi and others are members of a Group of Ministers that is at the moment considering it. I am one of the small members in that. But I will just mention to you the figure. Out of the 119 mills, how many are working fully? Only 25 mills are working fully. Their sales — just see the figures -- their total sales are Rs. 554 crores. And their accumulated loss this year alone is anticipated to be Rs. 1019 crores. *(Interruptions)*

SHRI JIBON ROY: NTC is dead now. *...(interruptions)...*

SHRI ARUN SHOURIE: Their accumulated losses. *(Interruptions)* Their authorised capital is only Rs. 600 crores, *(interruptions)*

THE VICE-CHAIRMAN (SHRI MO. SALIM): Mr. Roy. please allow the Minister to carry on with his speech. *(Interruptions)* He is dealing with facts and figures. *...(Interruptions)...* You cannot interrupt him. *(Interruptions)*

SHRI ARUN SHOURIE: Mr. Sibal will appreciate these figures. He knows about these *corporations because* of his great acumen in this sector.

SHRI KAPIL SIBAL: Let him reply.

SHRI ARUN SHOURIE: Sir, the authorised capital of this Corporation is Rs.600 crores. Its accumulated losses are Rs.7350 crores. ... *(Interruptions)*...

SHRI JIBON ROY: What happened to the revival scheme prepared for NTC by the Government? ... *(interruptions)*...

AN HON. MEMBER: What happened to that scheme?... *(Interruptions)*...

SHRI JIBON ROY: They had prepared the revival scheme. They had decided about that. It has been passed in the House. Two Bills have been passed in this House. ... *(Interruptions)*...

THE VICE-CHAIRMAN (SHRI MD. SALIM): Mr. Roy, this is not the way. ... *(Interruptions)*...

SHRI JIBON ROY: Sir, the Minister should not give misinformation. That is my point. ... *(Interruptions)*...

SHRI KAPIL SIBAL: We greatly appreciate the reply of the Minister. But in the course of the debate, I thought the sense of the House was the following. That we request the Government to have a relook at disinvesting profitable enterprises. ... *(Interruptions)*...

SHRI ARUN SHOURIE: I am coming to that point. ... *(Interruptions)*...

SHRI KAPIL SIBAL: That was the sense of the House. Let us have a transparent procedure to deal with disinvestment. Let us have Parliamentary supervision. So, these are the three areas which have to be considered. If you start talking about loss-making enterprises— we are not talking about that, at the moment— *(Interruptions)*...

SHRI ARUN SHOURIE: Mr. Sibal. we should not think.... *(Interruptions)*...

SHRI KAPIL SIBAL: You are right. I mean, you can quote many figures on that. ... *(Interruptions)*...

SHRI JIBON ROY: Sir, we have passed two Bills on this. Two enactments have been made by this House. Those are to be implemented. Why has the NTC revival package not been implemented? You have to answer this. ... *(Interruptions)*...

SHRI S. VIDUTHALLAI VIRUMBI: Mr. Vice-Chairman, Sir, the hon. Minister should be allowed to answer. ... *(Interruptions)*...

SHRI KAPIL SIBAL: If the hon. Minister is to respond to the sense of the House, then it should be something constructive..(Interruptions)...

SHRI ARUN SHOURIE: I will come to that point. Mr. Sibal, one of the difficulties is -- I have seen many times -- each of us reads in his own speech to be the sense of the House. After all, many important speakers have talked about the importance of the public sector as a whole. I must address myself to that also. But, Mr. Sibal, you are very right. I will come to the question of profit-making enterprises including the specific examples which were given with reference to those enterprises. I can assure you that several other figures are to be given. Mr. Manohar Joshi is, at the moment, concerned about six PSUs. His figures are: the total sales in respect of those six PSUs -- the problem which he has to deal with at the moment -is Rs.9.66 crores. It is less than Rs. 10 crores. The loss incurred this year is Rs.357 crores. (Interruptions)... On sales of R s. 900.... (Interruptions)...

SHRI DIPANKAR MUKHERJEE: If you are going to discuss about the sickness of the industry, we can also point out. But we are not discussing the sickness of the industry, we are discussing disinvestment. He is shifting. I had given some specific cases. He is not mentioning those specific cases. If you want to discuss sickness, let us have a discussion on sickness.(Interruptions)... Not a single pie has been paid for the working capital of any unit for the last two years, and he is citing figures in respect of loss-making units.

SHRI KAPIL SIBAL: We are discussing disinvestment in profit-making units, (interruptions) and not disinvestment in loss-making units. (Interruptions)

SHRI DIPANKAR MUKHERJEE: Not a single pie has been provided in the Budget for the working capital of any unit. And he is citing figures in respect of loss-making units. He is a Minister. He is trying to disown his own industry. Is it our industry or their industry?

SHRI JIBON ROY: You said that you had given Rs.800 crores to SAIL. You have only transferred the money to SAIL. It was kept in the SOF. He is giving a lot of misinformation. We are hearing that.(Interruptions)... We know plant-wise, unit-wise; we know all the information.... (Interruptions)...

THE VICE-CHAIRMAN (SHRI MD. SALIM): Mr. Roy, you cannot speak like this.(Interruptions)...

SHRI ARUN SHOURIE: Sir, I will respond to all the points, but this method of running commentary is not *(Interruptions)*... I will continue, Sir. ...*(Interruptions)*... The subject that is listed.-..*(Interruptions)*...

THE VICE-CHAIRMAN (SHRI MD. SALIM): Please address the Chair. This problem is between you and me.

SHRI ARUN SHOURIE: Okay, Sir. The subject which has been listed is disinvestment. It is not about disinvestment in X number of units which are chosen by some persons. It is not that only those units should be focussed. All the Members who have spoken have dealt with the public sector as a whole. Some of them have emphasised some specific questions. I will come to them. Four firms have been mentioned by name and I will come to those four firms.

श्री मूल चन्द मीणा (राजस्थान): उपसभाध्यक्ष महोदय....

उपसभाध्यक्ष (श्री मोहम्मद सलीम): बोलने दीजिए मंत्री जी को।

श्री मूल चन्द मीणा: महोदय, जो क्वेश्चन पूछे गए थे, मंत्री जी उनका जवाब नहीं दे रहे हैं, वे टालमटोल कर रहे हैं। इसलिए आप मंत्री महोदय को निर्देश दें कि जो प्रश्न पूछे गए थे माननीय सदस्यों द्वारा, उनका जवाब आना चाहिए।....*(व्यवधान)*.. जवाब नहीं देना चाहते हैं....*(व्यवधान)*..

उपसभाध्यक्ष (श्री मोहम्मद सलीम): आप धैर्य रखिए।....*(व्यवधान)*..

श्री मूल चन्द मीणा: अगर मंत्री जी जवाब नहीं देना चाहते हैं....*(व्यवधान)*.. हम मंत्री जी का जवाब सुनना चाहते हैं।....*(व्यवधान)*..

एक माननीय सदस्य: आप बहुत जल्दी बताव हो रहे हैं।....*(व्यवधान)*..

SHRI JIBON ROY No foreign money is coming. ...*{Interruptions}*...

श्री मूल चन्द मीणा: घुमा फिराकर जवाब दे रहे हैं....*(व्यवधान)*.. बेसिकली जो प्रश्न पूछा गया है उसका जवाब नहीं देना चाहते हैं तो हम वाक आउट करते हैं।....*(व्यवधान)*..

THE VICE-CHAIRMAN (SHRI MD. SALIM): I can't hear all of you together. Everybody is speaking at the same time. ...*interruptions*)... आप मंत्री जी का जवाब सुनना चाहते हैं या नहीं?.....*(व्यवधान)*..

SHRI JIBON ROY : The entire nation is being sold. *(Interruptions)*

उपसभाध्यक्ष (श्री मोहम्मद सलीम): उस पर भी मंत्री जी आएंगे और बताएंगे।....*(व्यवधान)*..

श्री अनन्तराय देवशंकर दवे (गुजरात): इनको सुनना नहीं।....*(व्यवधान)*..

उपसभाध्यक्ष (श्री मोहम्मद सलीम): मंत्री जी जनरल इश्युज के जवाब देने के बाद जवाब देंगे।(व्यवधान)।..

एक माननीय सदस्य: जिस तरीके का रेप्लाय होना चाहिए वह नहीं मिल रहा है।....(व्यवधान)।..

SHRI JIBON ROY : After you privatise everything, what will be the scenario of the country?

एक माननीय सदस्य: इनको पूरा सुन लीजिए।....(व्यवधान)।..

श्री आर.एन.आर्य: रिजर्वेशन की पालिसी के बारे में नहीं बता रहे हैं।....(व्यवधान)।.. इसको इग्नोर किया है।....(व्यवधान)।..

SHRI JIBON ROY : You are not getting any private capital. ___(Interruptions)... You are liquidating the public sector. (Interruptions)

एक माननीय सदस्य: इनको पूरा सुन लीजिए।....(व्यवधान)।..

उपसभाध्यक्ष (श्री मोहम्मद सलीम): मंत्री जी, पौने 6 बज गए हैं। It is better, if you can briefly touch, upon the important points, without going into the details आप डिटेल्स नहीं सुनना चाहते हैं।....(व्यवधान)।..

SHRI ARUN SHOURIE : Sir, I think this kind of ...{Interruptions}.

एक माननीय सदस्य: सर, हमने जो बात पूछी थी उसका जवाब नहीं दिया गया है।(व्यवधान)।..

श्री रवि शंकर प्रसाद: उनकी पार्टी के लोगों ने बात की है।....(व्यवधान)।..

THE VICE-CHAIRMAN (SHRI MD. SALIM): I am not able to hear anything. If all of you start speaking simultaneously, I would not be able to hear anything. ... (Interruptions)...

SHRI JIBON ROY : You are disposing of everything in the country. What is the public opinion? This is my question. Will you answer that question? ... (Interruptions)...

श्री अनन्तराय देवशंकर दवे: आप इसको वाक आउट करना चाहते हैं, पहले सुन लें।....(व्यवधान)।....वे हर मुद्दे का जवाब दे रहे हैं।....(व्यवधान)।..

THE MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI MANOHAR JOSHI): Sir. this is ... (Interruptions)...

उपसभाध्यक्ष (श्री मोहम्मद सलीम): दवे जी, आप बैठिए।....(व्यवधान)।....Shri Jibon Roy, please take your seat. ... (Interruptions)...

श्री रवि शंकर प्रसाद: आप वाक आउट करके काम बढ़ाना चाहते हैं।....(व्यवधान)।..

उपसभाध्यक्ष (श्री मोहम्मद सलीम): आप सुन लीजिए मंत्री जी को, प्लीज। वरिष्ठ मंत्री जी कुछ इन्टरवीन कर रहे हैं, उनकी बात सुन लीजिए.....(व्यवधान).. Please..... (*interruptions*)

SHRI MANOHAR JOSHI : Sir, the hon. Minister, Shri Arun Shourie, is speaking very nicely ...(*Interruptions*)...

उपसभाध्यक्ष (श्री मोहम्मद सलीम): आप सुन लीजिए मंत्री जी को, प्लीज। वरिष्ठ मंत्री जी कुछ इन्टरवीन कर रहे हैं, उनकी बात सुन लीजिए और अपने स्थान पर बैठिए। Please take your seat.

SHRI MANOHAR JOSHI : Sir, a number of speakers gave very valuable suggestions in the House, and I think that the hon. Minister is trying to give a reply to each and every suggestion. I expect every Member to show courtesy to him because he is talking on this very important subject for the first time. He is explaining the policy of disinvestment, I urge upon all the hon. Members to kindly give a patient hearing to him. If any hon. Member is not satisfied, he can always put his questions to him at the end of his speech. But, Sir, it would not be fair that they interrupt every sentence and prevent him from making his points clear to the House. ..(*intrructions*)...

SHRI JIBON ROY : He is disinvesting the entire nation....(*Interrupti ons*)...

THE VICE-CHAIRMAN (SHRI MD. SALIM) : Order, please. Mr. Minister, you talk about the main points *only*.

SHR! ARUN SHOUPIE : Sir, every speaker was heard by me with the fullest attention. I listened to every speaker with great care and with great attention which every speaker deserved. Sir, these interruptions started *at* the time when Shri Arun Jaitley was making a very effective intervention, and the same pattern is being repeated again. It really does not give any credit to anybody. It shows a sort of anxiety about the arguments which are being put forward. ...(*Interruptions*)...

DR. BIPLAB DASGUPTA: Sir, during his speech, we should be aifowse! to ask some questions. At the end ...(*Interruptions*)...

SHRI ARUN SHOURIE: I am sure, Sir, that before ...(*inter-vptions*)...

THE VICE-CHAIRMAN (SHRI MD. SALIM): Mr. Jibon Roy. if you have some Questions to ask, please wait; have patience. If you have

patience, at the end of the speech of the Minister, I will allow you to seek clarifications,

SHRI ARUN SHOURIE: The second point that has been made by Mr. Ramoowalia—he is not here just now—is about the crisis. It has been said that the country is being put on tender or that the country is being sold out or that family jewels are being disposed off. Sir, I urge upon Members to consider one point. These cases are emerging in this way, as I have illustrated to you with just a few figures—total sales of Rs. 10 crores, total losses of so many hundred crores and accumulated loss of thousands of crores. It is a transformation of one asset into another asset. I will give you an example of a company. We can all go and see it now. In Jangpura Extension in Delhi, there is a company, 'Hindustan Prefabs.' It has a record, which I do not want to go into. It is said to be a loss-making firm. But it has 30 acres of land. Mr. S. S. Ahluwalia was telling me that when he was the Minister of State for Railways

SHRI K. RAHMAN KHAN: He was never the Minister of State for Railways.

SHRI GHULAM NABI AZAD (Jammu and Kashmir): Urban Development.

SHRI ARUN SHOURIE: Sorry. Urban Development. Many thanks.

You may think that you are disinvesting that particular firm. But you would actually be putting that land into use. If you transfer it to the Railways to build the Nizamuddin Railway Station, you are actually transforming the unproductive asset into a productive asset. The Railways are clamouring for more land because they need another station to reduce the congestion at the present New Delhi station. You would be really transforming a bleeding ulcer into a very valuable asset. That is what we should look at in many of these things that are being done.

Many Members have mentioned that ownership is different from efficiency; But, actually, Sir, studies show that, in fact, the manner in which we have built the culture of the public sector—many of us who talk so strongly about the public sector are included in this—disables the public sector enterprises from doing precisely the kind of agile things that we think they should be doing. I will give you a small example. Government, Parliament and the CAG, all of us, are process-oriented. If you do not go in for the lowest bidder in a case of raw-material supply, for instance, everybody will allege that some *gadbad* has gone on. Even in the case of advisors who are being appointed, there is a three-stage screening process.

You put in advertisements—it is an open process—in Indian newspapers and in foreign newspapers, You put it on the website of the External Affairs Ministry. You put it on the website of the firm, for which the advisor is being sought. You try to interest Indian parties. Indian advisors have been appointed, it is not just foreign advisors, as Mr. Sanjay Nirupam was saying. I am giving you the process orientation that disables people. At the end, after shortlisting the firms, you will say, "Come for a technical presentation.* The potential advisors will come. You say, "You must bring your financial bid in a sealed envelope." After the technical presentations are given, the financial bids are to be opened. You have to give the bid to the person who has given the lowest terms among the advisors. You may have other reasons to think that he is not the best advisor, that he cannot get you the best valuation, that he cannot get you the best deal for the shares you want to disinvest. It is public money, as Mr. Ramachandraiah was saying. But you have to go in for the lowest bid. Why? Because, otherwise, the CAG, Parliament and everybody else will allege that something wrong has been done.

This is process orientation. No private sector firm would do anything of that kind. There are several other reasons on account of which this happens and this is borne out by the record of the last twenty years. Many hon. Members asked "Why don't we first restructure them." I have already mentioned to you that fourteen firms are doing precisely that. Please go through the records. The Hindustan Shipyard was in difficulties for a long time. There have been two attempts to improve its performance. One was the waiver of loans and the second was fresh injection of capital etc. Everything was done. Its net worth today is minus Rs. 188 crores, but its accumulated losses are more than Rs. 1,000 crores, in spite of restructuring packages. In the case of Bharat Refractories, two revival packages were there. The first one was in July 1996 and the second was in January 1999. Its accumulated losses are Rs. 132 crores. Take Hindustan Steel Works. During 1997 and 1999, its accumulated losses were Rs. 1,383 crores.

Take the case of Rashtriya Ispat. During July 1993 and mid-1998 its accumulated losses were minus Rs. 4,053 crores. In the case of Heavy Engineering Corporation, revival packages were given in 1972, 1975, 1981, 1989, 1997 and 1999. Its net worth was valued at minus Rs. 38 crores, while its accumulated losses were Rs. 1,095 crores, it can go on like this. This is something inherent I am giving you figures from the year 1972 onwards. It is not true that everybody who attempted to revive the public sector

6.00 P.M.

was dishonest or was not earnest. Attempts were made, but there are various other reasons, including what many hon. Members have said: the management; the hold of the bureaucracy, the interference by politicians, which certainly was there, the work culture that is there in the firms and which nobody has been able to turn around, are some of the factors responsible. These factors were responsible, irrespective of whichever Government was in power. Just see the system. If there is an investment proposal of more than Rs.50 crores, I think -- Joshiji will correct me if I am wrong — it has to be approved by the Cabinet. If it is less than Rs.50 crores, it goes to the Expenditure Finance Commission. The Cabinet consists of persons who, other than Joshiji, are not experts in business. *(Interruptions)*

SHRI JIBON ROY : Sir, he means to say that they cannot function under this system. If that is the case, the Government should be privatised. *(interruptions)*

SHRI NILOTPAL BASU (West Bengal): Do you mean to say is that the present Cabinet system is incapable of taking technical decisions, like arms purchase or so many other things which have high technology intensity. Is this what you mean?

SHRI ARUN SHOURIE: Several hon. Members said 'give autonomy to the enterprises'. I am on that point. This is the net result.

SHRI KAPIL SIBAL: Sir, we have not said that. Hon. Minister I had stated was what the latest Finance Commission in its report on page 33 has made that very statement that the public sector enterprises be given autonomy. It is not my statement. This is the Eleventh Finance Commission's statement. You can say that it cannot be given. That is another matter.

SHRI NILOTPAL BASU : Mr. Vice-Chairman, Sir, many specific points were raised by Members. The Minister is not addressing any of the specific issues that have been raised by Members. How long we can carry on? The discussion went on for four hours. The Minister is replying since 45 minutes. We do not have that much of time.

THE VICE-CHAIRMAN (SHRI MD. SALIM): Have some patience, *..(Interruptions)...*

SHRI ARUN SHOURIE: What is this, Sir? This was a very specific point about giving autonomy. I am on that point. *..(Interruptions)...*

THE VICE-CHAIRMAN (SHRI MO, SAUM); He is coming to the point of autonomy to the public sector; please, ,, *interruptions*)...

SHRI ARUN SHOURC; You cannot sit in judgement on what I have to say. ... (*Interruptions*)...

SHRI NILOTPAI BASU: .He is only beating about the bush.

SHRI ARUN SHOURIE: Merely your assertion that I am not addressing the points, certainty, is not going to cow me down. Please remember that.

SHRI NILOTPAL BASU; You don't have any cue to what had been discussed in the House.

SHRI ARUN SHOURIE: This is your assertion for the Press, by looking at *that* side also. The second point is in 95 per cent of the investment decisions on a particular study that were done, *the* Boards of these autonomous bodies that we wanted had nothing to do with this, apart from preparing the initial *proposal* They had no role to play at all. Now this point is not only ,,*{Interruptions}*),..

SHRI JIBON ROY: Yes; public sector is uncultured; private sector is cultured. Public sector is bad. Private sector is very good. *Public* sector is bogus. Our country is bogus. ...*interruptions*)-,.

SHRI ARUN SHOURIE: Specialty China. ...*{interruptions}*)...

THE VICE-CHAIRMAN (SHRI MD. SALIM): Mr. Roy, what is your question? Please put your question.

SHRI JIBON ROY: I will put my question. All right; you transfer the assess of the public sector to the private sector. We are *.interruptions*)...

THE VICE-CHAIRMAN (SHRI MD. SALIM); Mr. Roy, you are *not* hearing the reply from the Minister. You cannot reply.

SHRI JIBON ROY: We are uncultured. *Public* sector is uncultured. Private sector is cultured. What are you talking? ... *{interruptions}*),.,

SHRI RAVI SHANKAR PRASAD; This is not fair,

SHRI ARUN SHOURIE: Sir, in this second point...(*intenvptions*),..

THE VICE-CHAIRMAN (SHRI MD. SALIM): I cannot allow this. Mr. Roy, you cannot just jump and start speaking.

SHRI S. VIDUTHALAI VJRUMBI: The Minister should be allowed to speak, for example, in China ,(*Interruptions*),,.. Hire and fire policy is

actually practised in China, in Special Export Zones. Do you think our Government is anti-labour? No. This is not the way to interrupt the Minister. ...{Interruptions}...

SHRI JIBON ROY: Private sector is cultured. SAIL is going to be sold for Rs.5000 crores. ...-..(Interruptions)

THE VICE-CHAIRMAN (SHRI MO. SALIM): Mr. Roy, if you are not interested in listening to the reply of the Minister,...fn(Intrruption)...

SHRI ARUN SHOURIE: Again look that side.

SHRI JIBON ROY: Mr. Arun Jaiteiy said that he would be satisfied if he gets the book value of the share. The book value of the share is Rs. 5,000 crores. You do not know what you are saying. ..(Interruptions)...

श्री अनन्तराय देवशंकर दवे: इनको बोलने दीजिए....(व्यवधान)..

उपसभाध्यक्ष (श्री मोहम्मद सलीम): हां बोलिए....(व्यवधान)..

SHRI ANANTRAY DEVSKANKER DAVE. Let the Minister speak. हमको जवाब सुनना है। ये लोग इंटरप्ट कर रहे हैं ... (व्यवधान)...

श्री राजू परमार (गुजरात): कितना? दो घंटे?....(व्यवधान)..

श्री सुरेश पचौरी (मध्य प्रदेश): उपसभाध्यक्ष महोदय, यह बहुत गंभीर आरोप है कि विपक्ष से यह कहा जा रहा है कि ये लोग इस तरह की व्यूह रचना रच रहे हैं....(व्यवधान).. यह बहुत गंभीर आरोप है कि विपक्ष को इस बारे में कहा जा रहा है कि ये किसी प्रकार की व्यूह रचना कर रहे हैं। सदस्यों ने बड़ा सीधा प्रश्न किया था कि डिसइन्वेस्टमेंट पालिसी पर आप पारदर्शिता बरतेंगे कि नहीं? क्या आप पार्लियामेंट का कोई सुपरविजन रखेंगे कि नहीं? मंत्री जी ने अपने उत्तर में इस बात को बिल्कुल स्पष्ट नहीं किया है....(व्यवधान).. इसलिए हम लोग इस सदन से वाक आउट करते हैं....(व्यवधान)..

(तत्पश्चात कुछ माननीय सदस्य सदन से उठ कर बाहर चले गए)

THE VICE-CHAIRMAN (SHRI MD SAUM): Order, please. {interruptions}

SHRI C. RAMACHANORAIAH: Sir. the Congress is disowning its own chiid.

SHRI ARUN SHOURIE: Sir, having looked at the Press many times over, the hon. Members have left. Sir, the point was asked many times as to what is disinvestment for. Here, we underestimate the force of Mr. Virumbi's argument. He' gave us a very important figure. Just every Government, since Mr. Charidrcfehekhar's Government, has mentioned that raising resources is an important objective for this, and you cannot raise

resources merely by selling the loss-making firms with these cumulative losses. Now, Sir. Mr. Virumbi gave us figures on the Central Government. I will give you one figure only and pass on to the next argument. The States' outlay for the Ninth Plan was supposed to be Rs. 3,50,000 crores. Of this, the States were to make a contribution of only one per cent— Rs. 3,800 crores, that is, a little more than one per cent. Do you know how much contribution the States have made in the first three years? They ! were to make only Rs. 3,800 crores out of Rs. 3,50,000 crores. Their contribution is minus Rs. 80,000 crores. Now, is this not real bankruptcy in the country? And is it fair that, without looking at the facts, we just go on saying that this country is being sold out? Actually, if you do not attend to these problems—please forget this Department which I have been given for the time being— we are bringing the country to the position of bankruptcy in this way, just by our slogans. The second point is that there has been a complete change in the conception of the State. Many of the firms whose names I will read to you just now, fall in either category. The question is: should the Government of India, which is fighting terrorists, which is fighting all sorts of things, be in the business of manufacturing cycles, where the income from sales of that corporation is Rs. 27 lakhs, its net losses for this year are Rs. 56 crores? Is this any way to keep jobs? The National Bicycle Corporation's sales are Rs. 56 lakhs and its loss is Rs. 20 crores. In the case of the Jute Export Corporation, the sale is Rs. 20 lakhs, the loss is Rs. 4 crores. In the case of the Cement Corporation, the income from sale is Rs. 211 crores, the loss is Rs. 185 crores. In respect of the Tannery and Footwear Corporation, the sale is Rs. 89 lakhs, the loss is Rs. 29 crores* In the case of the Tyre Corporation of India, the sale is Rs. 52 crores and the loss is Rs. 62 crores. What is going on?

And if you see the type of things which we are making in public sector enterprises, many of them are profit-making—sulphuric acid, phosphoric acid, hair oil, iodised salt, trading in soyabean, mica products, metal scrap, pre-fabricated houses, electric poles made of cement. Other people can also do this. Then, domestic tourism, hotel industry, spices, procuring and promoting spices production—these are 247 companies that you keep on talking about and saying that they are the pride of India!

Now, Sir, I come to the point which everybody was making all the time and saying, "Address yourself to this specific point." Because everybody realises that nobody can now argue against disinvestment in general, we keep on talking of 247 companies, 120 companies. We don't see— what products they are making. We do not see the bankruptcy to

which we have also driven the States and the Centre. They have also raised a point and said, "No, no; please talk about only profit-making companies!" Sir, four friends had mentioned, and everybody was so concerned about Air India, the decisions are being very carefully crafted. It has been mentioned by Ramoowaliaji that 26 per cent equity is being given to foreigners.., It is not being given. It is an enabling provision. In fact, the recommendations which were made have been improved upon to say that If a foreigner wants to come *in* and avail of the 40 per cent equity, he has to come in with an Indian ally, with an Indian partner. For the rest, all the points which they were making were carefully built into it; 40 per cent remains with the Government; 40 per cent goes to a strategic partner of which only 26 per cent can be of a foreigner. If a strategic partner is a foreigner, everybody is striving to see that it should be the other way round. Let the majority of strategic partners be Indians and let the minority be foreigners. But that is something which you can strive for. Suppose no Indian partner is prepared to come or he does not have the resources for that kind of investment. If you sells the shares of Air India at a lower value, you will say that there is a scanda!. If you confine it to a few bidders within India, and if they do not have the resources, naturally, the value will come down. You don't want that. So, every effort would be made to take care of that. But let me just tell you what Kapiji was asking, what some other friends were asking: "Why don't you go by the recommendations of the expert committee? After all, you set up an expert committee. Why don't you go by the recommendations of that committee?" It is true that they said one thousand crore of rupees should be injected. One thousand crore of rupees are not easy to come by for the Government today. If it were, there would be no problem. But you have seen the incidents that are going on on this. The Disinvestment Commission said, "Air India's share of traffic to and from—forget the other things—"has consistently fallen from almost 50 per cent, about 30 years ago, to about 33 per cent, in the mid eighties, and has now fallen to 22 per cent." When the Government people travel by them, there is a built-in preference for Air India. They will not allow you to travel by other airlines. This is their share. They say, "What are the reasons?" "Inability to attract high yielding, first-class and business passengers." Air India's share is only 11 per cent. "Increasing competition from international airlines on profitable sectors, deterioration of Air India's product over the years." Why has somebody not been able to improve it? This Government is there only for the last one-and-a-half years. Attempts have been made, Committees have been set up, managements have been

changed, Civil Aviation Minister after CM! Aviation Minister has come and gone you have discussed *it* so many *times* in the House. And this is the thing, '*Deterioration* of Air India's product over the years'."

See the next sentence: "The main causes for the deterioration are pathetic.'" This is not my word. This is the word of the Disinvestment Commission set up by the United Front Government! "Pathetic on-time performance, *no* service quality and limited network on offer." Air India flies *on* 16 to 17 routes out of which only India-Gulf, India-U.S. and India-Japan are the major contributors to profit.

It goes on. This particular operation is *incurring* losses. It mentions about the percentage of routes. It says that routes are the only valuable assets with Air India. Do you know what they say?

..., (*interruptions*)...

श्री संजय निरुपम: बाई लेटरल के ज़रिए जितने रूट्स हैं, वे भी बेचे जा रहे हैं, वे बेचने के बाद एयर इंडिया का जब वेल्थूएशन होगा तो वह लगातार घटता चला जाएगा।

श्री अरुण शौरी: संजय जी, देखिए इन्होंने क्या कहा है। ये कहते हैं कि एयर इंडिया की हालत यह हो गई है कि *that the percentage of utilisation of those routes, USA - 39%, Europe - 68%, Russia and the CIS countries - 95%, Africa -55%, Gulf - 10%, Asia-Pacific - 36%, neighbouring countries - 66%. The total utilisation of routes by Air india is only 47%. They say the fleet is so old and you can't renovate it. ...* (*interruptions*)...

श्री संजय निरुपम: मेरा एक और प्वाइंट है।

उपसभाध्यक्ष (श्री मोहम्मद सलीम): प्लीज़, मंत्री जी को बोलने दीजिए।

SHRI ARUN 3HOURIE: Sir, I am only on the point of Disinvestment Commission. They said, "at the current level of financial performance, Air India's *net* worth will be wiped out within the next two years and it is likely to turn into a sick company. (*Interruptions*)..."

SHRI MANOHAR JOSHI: It will be sent to the BIFR.

श्री अरुण शौरी: बी.आई. एफ.आर., जोशी साहब ने बिल्कुल ठीक कहा कि ऐसी कम्पनी को आप एकदम कहते रहें कि *it is the pride of India*. आँवर महाराजा, जैसे प्रणव मुखर्जी साहब ने कहा "*we have emotional attachment to it*", पर कम्पनी की हालत क्या है, आप वह देखिए। सर, नेशनल फर्टिलाइज़र के बारे में कहा गया, *if I read it out to you, "out of four plants, only one plant is working in profit". We don't want to say that. That is the report of the Disinvestment Commission.* बी.एच.ई.एल. के बारे में अभी एक डिस्टिंग्विशड मैम्बर ने यह कहा था कि बी.एच.ई.एल. इतनी प्राइड है, सैकिंड वाल्यूम में देखिए इसकी रिपोर्ट। *Yes. BHEL has done well. They say, "it has high market dominance within India". But they have also said, "BHEL's capacity is less than 10 per cent of the global capacity. Its sales*

are restricted mainly to the Indian market with exports accounting for less than five per cent of the sales". The Commission, therefore, classifies BHEL in the non-core sector. "Its low-cost production is the valuable strength of BHEL" A very specific example was given. Then the Commission said, "Hence the Commission recommends induction of financial institutions as strategic partners of disinvestment of 20 per cent of BHEL", और इस तरह से कोई डिस्इजिन नहीं हुआ। "The FIs may be offered an equity stake of 10 per cent and foreign private equity funds, including financial institutions and multilateral institutions (foreign funds) be offered a further equity stake of 10 per cent in the company, with an appropriate role in management to both Indian and foreign partners". So, everything is being done after taking these things into account. What is happening is this. I am very sorry to report that we, in public life, are often misleading the public by appointing experts and by urging other people to go by the recommendations of the experts and not reading the reports of the experts ourselves. So, on the profit-making point, the first thing is that the body of experts, whose recommendations they want us to follow, has advised the opposite of what they said we should be doing. The second point is that you have to look not only at the level of profits today, but also at the scenario that is emerging. Now, all the items are being put under OGL. You will have world class competition from everywhere. You will have to fight them by anti-dumping measures. Similar is the case with liberalisation. You are not reserving anything for the public sector. An equally important thing is technological change. एम.टी.एन.एल., वी.एस.एन.एल., इस पर कोई डिस्इजिन नहीं हुआ। These things are still in the process.

From newspapers you might have come to know that no final decision has yet been taken. I am not saying 'do this or do that.' But just see as to what is going to happen today, Today, already seven gateways have been opened. The private sector is to be allowed to provide facilities for international calls. In fact, a 12-year-old boy, a nephew of mine, is using a computer with a little microphone attached to it which costs Rs. 450/-. He can make an international call just a local call. There is no problem. You use the Internet for that. Let us say, your grand-children is in America. You send him a voice mail letter. The grand-father speaks to him. It goes into the Internet and then it comes into his computer as a voice message from his grand-father. That is the technology today. If you say, "No, MTNL and VSNL are making profit because of the monopoly they have and since they are making profit, you should not disinvest them." But that profit base is being eroded by the technology every second week. I

would urge the House to please look at it and don't just go by this thing. Secondly, -- I am sorry to say this -- the fact of the matter is much of this profit is actually illusory. If you look at the dividends of the firms which are giving them, as I have mentioned, if you take out petroleum and other monopoly sectors of the Government, we are actually running at a loss of 3.9 per cent. But what is more important is, if you take the best of our firms, the dividend which is being given is 4 to 5 per cent -- it was said that dividends are improving- as against the Government* which is borrowing at 12 to 14 per cent for giving all these packages to those very firms. That is a loss. If there is a profit, it is actually just an illusion. And more importantly what you find is that if you take restructuring, expenses on restructuring, which is nothing but a euphemism for writing off Joans, restructuring today is just a subsidy and must be reckoned against the so called dividend and profit that we are showing in respect of the PSUs. I feel that actually the points that have been made are important but they are very often ill informed. The last point which I want to make is this. There were two suggestions. Shri Ramdas Agarwal has made a very important suggestion in regard to China. He said that there were three categories of shares. Share 'a' is open only to the Chinese. In the second category others can come in. The third category is open to the Hong Kong investors. He asked, "Why don't we follow that in our own case? He also said, "You don't allow the foreigners to come into some of these sectors." As I mentioned earlier, strategic sectors have already been kept away. Secondly, the Cabinet has decided on sectoral caps in all the sectors in order to find out how much the foreigners can come and into which sector. It has already been decided. The ceiling for foreign financial institutions is 24 per cent. For NRIs, for overseas corporate bodies and for persons of Indian origin, it is 10 per cent. That limit has been increased to 40 per cent in the case of FI's. For NRIs it is 24 per cent. But in each case the company's Board and the company's general body has to pass a specific resolution to that effect. The RBI monitors this foreign holding on a daily basis in respect of every firm and certainly the public sector enterprises will have to report every single day when and how much share has been bought by foreigners. The RBI guidelines say that the banks and the companies are supposed to inform the RBI when the foreign holding reaches within two per cent of the ceiling which has been prescribed. After that, the RBI advised the bank to stop the purchase by foreigners. Now those precautions, which Shri Ramdas Agarwal was urging upon, are already being taken.

On the test point, valuation; this is the point that has been made by the Left parties very strongly, it is a very important point and if valuation goes wrong, I entirely agree with this House that the whole process will be vitiated and it will be a setback. So, all the care which has been urged upon by Shri *Prermdhandr&n* and other? must be taken into account. I will make personal endeavours to see to it that it is done. In the single case which was mentioned just now, namely, regarding Modern Foods, the hon. Member said that the assets are worth Rs. 1,000 crores. And Shri Dipankar Mukherjee was quoting the survey of the Department of Public Enterprises. But that Report for 1998-99 valued the net worth of Modern Foods not at Rs. 1,000 crores but at Rs.28 crores. Where is this figure of Rs. 1,000 crores coming from? it was circulated in the Press and the people were misled. According to that very report which Shri Dipankar Mukherjee was quoting, according to the Accounts as on 31st March, 1999, the gross value of the assets was Rs.39 crores and the net value, after taking into account the liabilities of the company, was only Rs. 19 crores. These are published figures. As these great leaders, Shri Naik and Shri Joshi from Mumbai would know, in the case of the National Textile Corporation mills, if the land-use is not allowed to be changed, then it has very little value; the value comes only if you allow the land-use to be changed. So, in the case of Modern Foods, if it is unrestricted use, then the value of the whole company will be Rs. 109 crores. Now how much was the valuation of 100 per cent of the equity, by different methods, according to the global advisors? It was Rs.30-70 crores. As Sanjayji rightly said, the Government did go by the advice of those advisors. It did not go by the Government valuer's advice. And it did not go by the published figure of the assets of the company, of the net worth of the company. It entered into negotiations with various parties, and it is to the great credit of the Government that 74 per cent of the shares -- not 100 per cent, which was valued by the foreign advisor at Rs.30-70 crores - were sold for Rs. 105 crores, which means that the total company was sold for Rs.165 crores against Rs.28 crores, Rs.19 crores, and Rs.30-70 crores, the figures arrived at by different methods of valuation. The share of Rs. 1,000 of this company was sold for Rs.11.490. Every worker's job is protected. Instead of being an employee of a company on the verge of extinction, he is now the employee of a company which is one of the leaders in India in consumer products. And I can give this assurance to the House that this point about valuation is a very important point. The assets, in every case, must be valued by different methods. As Shri R.P. Goenka was telling us, you cannot adopt a single method for every unit.

There are several other points to be made on workers' Interests and others. But I do assure the House that the method will be entirely transparent, and I can mention quite candidly that I sought time from the Leader of the Opposition. We discussed these matters with him. I have sought the guidance of very senior people like Shri Manohar Joshi and Shri Ram Naik. I have already had the benefit of their advice for one-and-a-half hours.

I have sought time from Mr. Naik and Dr. Manmohan Singh because these are people whom all of us respect. They have far greater experience. I can share with the House that I had sought time from several trade union leaders, from persons of different persuasions, like the *Swadeshi Jagaran Manch*, and from the Leader of the Opposition in the Lok Sabha, I will be seeing her at 8 o'clock this evening, precisely to talk on these matters, because you are right, Sir, and the Members of the House are right, that these are not private transactions; every section of the House, every section of Parliament, must be taken into confidence; and it will be a completely open process. It will be a process in which various suggestions which have been made and various important questions which have been urged, will be fully kept in mind. It is with that confidence, Sir, that I commend this policy to the House and I do wish our colleagues were here and they listened to this assurance.

श्री संजय निरुपम: उपसभाध्यक्ष जी, अरुण जी का बड़ा संतोषजनक जवाब था और हमें पूरा भरोसा है कि अरुण जी के नेतृत्व में जो भी डिस-इन्वेस्टमेंट होगा वह बहुत ही ट्रान्सपेरेंट होगा। जो आशंकाएँ व्यक्त की जा रही हैं वे आशंकाएँ नहीं होंगी। मैंने एक जगह पर गलती से डिवीडेंड शब्द का इस्तेमाल किया था और अरुण जी ने उसको क्लियर कर दिया है। मैं उस डिवीडेंड के संबंध में कुछ नहीं कहना चाहता हूँ। मैं यह पूछना चाहता हूँ कि सेन्ट्रल एक्सचेंजर को पब्लिक सेक्टर की तरफ से कितना पैसा दिया गया है। "During 1998-99 contribution to the Central exchequer by the PSEs amounted to Rs.46,925 crores, an increase of 11 per cent", यह इन्फोरमेशन मैं लेना चाह रहा था। मैंने गलती से डिवीडेंड शब्द का प्रयोग किया। एयर इंडिया के बारे में सभी जानते हैं।..

उपसभाध्यक्ष (श्री मोहम्मद सलीम): आप विस्तार में मत जाइये।

श्री संजय निरुपम: सर, एक मिनट। मैं विस्तार में नहीं जा रहा हूँ। एयर इंडिया लॉस में है इससे कोई इन्कार नहीं कर रहा है, लेकिन एयर इंडिया सिर्फ पहले से लॉस में आई है। इसके पहले एयर इंडिया के पास 12 सौ करोड़ रुपये का कैश रिजर्व था। वह कहाँ गया? मैं फ्लीट साइज की बात कह रहा हूँ। इसके पास 28 एयर फ्लाइट्स थे। जिस जमाने में एयर इंडिया बर्बाद हुई उस जमाने में कौन-से लोग थे, इसके बारे में उनसे पूछना चाहिए? इसमें पूरे मैनेजमेंट का दोष रहा है। सिविल एविएशन का सेक्रेटरी एयर इंडिया का चेयरमैन बनकर कैसे

काम कर सकता है? वहां पर टेक्नोक्रेट चाहिए। एयर इंडिया में स्टाफ को एक पी.एल.आई दी जाती है।..

उपसभाध्यक्ष (श्री मोहम्मद सलीम): निरुपम जी, सारे सवालों का जवाब मंत्री जी ने दे दिया है। फिर भी आप प्रश्न पूछ रहे हैं।

श्री संजय निरुपम: उपसभाध्यक्ष जी, मंत्री जी को एयर इंडिया के बारे में(व्यवधान)...पूरा अपोजीशन चला गया हैं मुझे तो अपोजीशन का रोल प्ले करने दीजिए। मैं यह बताना चाहता हूं कि एयर इंडिया को अभी भी रिवाइव किया जा सकता है। सरकार द्वारा एयर इंडिया को एक हजार करोड़ रुपये देने की जरूरत है, यह मैंने बताया है। एयर इंडिया का सब्सिडरी होटल कारपोरेशन आफ इंडीया है और उसके संतूर होटल्स को बेचने के बाद उसको काफी पैसा मिल सकता है।..

उपसभाध्यक्ष (श्री मोहम्मद सलीम): संजय जी, आप हमें बताइए कि संतोषजनक जवाब होने के बाद भी आप कैसे सवाल उठा रहे हैं?

श्री अरुण शौरी: सर, मैं एक छोटी-सी बात कहना भूल गया। संजय जी ने बहुत ही इम्पोर्टेंट सुझाव दिया था। सर, एकचुवली वही किया जा रहा है। The Hotel Corporation of India is being dtsinvested by December, 2000. so as to raise money, so that you can strengthen Air India, even as the search for a strategic partner goes on. ये वही सारी चीजें की जा रही हैं।

उपसभाध्यक्ष (श्री मोहम्मद सलीम): ठीक है हो गया। Now, the House stands adjourned til 11 am tomorrow.

The House then adjourned at thirty-four minutes past six of the ctock, till eleven of the ctock on Tuesday, the 2nd August. 2000.